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ESTABLISHED 1887

No. 32,709

PARIS, MONDAY, APRIL 25, 1988

# Tengiz Abaladze Georgian director whose kayaniye" ("Rependent") the Way for chemister the Stalin era has but a ported Friday that has been a ported Friday that have in Georgia—Molbe" ("In Stre") and "Pokayaniye" ("In Street "In Stree Iran Hits Ship, by Soviet Guzens Mose disappeared into compared sed Stalin. Abuladze de la compare de **Defying Reagan**

prize-winning film dentifie of the last man to to.

na's imperial throne will

have in China Compiled by Our Staff From Despatches MANAMA, Bahrain - An Irain theaters in China and hian gunboat fired a rocket into a Saudi Arabian-owned tanker in the Strait of Hormuz on Sunday, hours The British pop say ceied a scheduled specified a scheduled specified and the same company said he was simply and was simply and was simply and was simply and to another source in the however. Sung canobi-flound any the after President Ronald Reagan warned Iran to stop attacking neu-tral ships in the region, Gulf ship-

ning sources said.
The tanker, which sustained mi 
Coast Guard Role nor damage, made for the port of Dubai with an unexploded rocket hanging from its punctured side. But the captain said the missile fell however. Sime canoling found out the rally was an existent the rally was an existent the rally was an existent to the rally was an e overboard when the tanker docked. Gulf-based shipping executives said the 37,01 I-ton Sea Trader was human rights but to he François Mineral & approached by six gunboats as it sailed northward. But they said only one Iranian boat attacked. No

casualties were reported. The Mexican nowing to enter received the length The tanker flies a Liberian flag but is owned by the Bakri Navigation Co. of Jeddah.

Cervantes Prize for line.
King Juan Carlos and Re phia of Spain. United States was considering shoring up its Gulf fleet with U.S. New York Times Imme Coast Guard vessels, but U.S. offi-Helen B. Bernsten Ang cials played down any immediate by Iranian forces. U.S. officials reretaliation for the latest Iranian at-Vice President Georgi has write, Barbara, pad 9

Admiral William J. Crowe Jr., chairman of the Joint Chiefs of Staff, said the "level of violence is much less" against the Saudiowned tanker than in the mining incident that touched off U.S. reraliation last week.

"We do not contemplate any more violence unless Iran continues what we would say is an indiscriminate and a threatening pattern," Admiral Crowe said in a televised interview.

on total income of they "And as you saw the report from percent. In 1986, to be taken, they did not feel that paid takes of \$115 48.00 they had been heavily damaged." of 5348 544 - or line he said. Reagan's 1056 m il. On the

Section of using coast Section of using coast guard vessels, Mr. Carlucci said in a separate televised interview that their use would provide more flexibility in the Guif but that no deci-

sion had been made. Referring to the coast guard, he said. "They have somewhat smaller ships, which give a better patrolling capability. It would free our larger ships for other missions."

Mr. Reagan warned Saturday that further Iranian attacks on shipping "will be very costly to Iran and its people."

In Beirut, a pro-Iranian clandestine organization, the Revolutionary Justice Organization, repeated-threats Sunday to "execute" its two

# **Afghan Rebels** Take 2 Towns

Kiosk

ISLAMABAD, Pakistan (Reuters) — Moslem guerril-las said Sunday they had occupied two towns in southern Afghanistan near the border with Pakistan after government troops abandoned them. Guerrilla spokesmen in Pakistan said helicopters evacuated hundreds of government soldiers from Atghar on Saturday and from Maruf on Friday. On Saturday, the guerrilay. las said they had occupied the Barikot garrison in eastern Afghanistan, which also had

been evacuated. Separately, Major General Najib, the Afghan leader, told scholars in Kabul on Sunday that he backs the idea of balanced cuts in arms supplied to his government by the Soviet Union and to the rebels by the United States, Page 5.

MONDAY Q&A



Paul Higdon, head of Interpol's narcotics division, says the drug trade in Europe is swelling. Page 2.

General News Sikh separatists and the Indian government are preparing for a showdown. Page 5.

for a showdown. Business/Finance

GM is dropping Firestone as a tire supplier for its new cars Page 15. and micks.

Baltimore ran its record losing streak to 18 games, falling 3-1 to Kansas City. Page 21.

# American hostages - Joseph Cicippio and Edward Tracy - cause of U.S. acts in the Gulf. "Any new aggression under any pretext, regardless of justification,

will lead to executing the spy Ed-ward Tracy first and Cicippio second," the statement said. (AP, UPI)

Mr. Carlucci is expected to approve the plan to use coast guard vessels in the Gulf, The New York

Times reported from Washington. The patrol boats would assist larger warships in escorting merchant vessels, keeping watch over sea-lanes to prevent the laying of mines and guarding offshore installations from attacks by small craft,

U.S. officials said Saturday. On Friday, members of Congress were told that the Reagan adminis-In Washington, Defense Secretary Frank C. Carlucci said the to protect ships in the Gulf other than those flying the U.S. flag, when assistance is requested from warships at the scene of an attack

See GULF, Page 2



Jacques Chirac, far left, and Raymond Barre, who ran second and third in the first round of the French election, joined forces for the second round against the incumbent, François Mitterrand.

# Containing the Gulf War Proves Elusive

By Patrick E. Tyler

Washington Past Service KUWAIT — The naval clash last week between Iran and the United States - the most serious confrontation between the two nations since Americans were seized in their embassy in Tehran nine years ago - has left Western and Arab government officials deeply puzzled and apprehensive, fearing that the Gulf War is becoming more difficult to contain.

Underlying the tension is a series of sudden reversals for Iran, inding the loss of a major battle with Iraq on the Faw Peninsula and an ominous escalation in the use of chemical weapons against its forces. Iran has absorbed more

than 120 devastating long-range missile strikes on Tehran and other major cities since late February. plus the destruction of three of its best warships in the clash with the U.S. Navy on April 18.

Meanwhile, there is widespread

**NEWS ANALYSIS** 

suspicion that some Iranian officials may have been involved in the speaker, Hashemi Rafsanjani, and hijacking of the Kuwait Airways jet Prime Minister Mir Hussein Mouson April 5 and the subsequent murder of two of its passengers after a mandate for more centralized constopover in Iran. The hijacking trol over social and economic po-which ended Wednesday, failed to licy, land reform and trade legislaachieve the goal espoused both by tion, much of which has been the hijackers and the Iranian gov- stymied by conservative clergymen ernment - freedom for 17 extremists imprisoned in Kuwait.

These setbacks have beset the government at a critical time of economic stress compounded by an atmosphere of political uncertainty during a five-week election campaign for the 270-seat Majlis, the Iranian parliament.

The first round of balloting on April 8 appeared to have bolstered the majority of the parliament and commercial interests in Iran's still-powerful "bazaar."

But runoff voting on May 13 will decide 82 contested and potentially decisive seats in the still-fragile majority that keeps Mr. Moussavi in power with support from Mr. Rafsanjani, the most prominent power broker on the Iranian political

are in, it may be that no one faction is able to forge a majority for stable governance and, as one Iranian analyst said in an interview last month in Tehran, "Rafsanjani still has a lot of enemies."

Iran's leaders are likely to react with greater unpredictability when See WAR, Page 2

Yet even after the election results

Until a new majority crystallizes,

# Mitterrand and Chirac Advance to 2d Round tional second-round support from a televised statement: "Now the

By Joseph Fitchett International Herald Tribune

Mitterrand, 2 Socialist, will face Mr. Le Pen's influence on the tradi-PARIS - President François Prime Minister Jacques Chirac, a Gaullist, in a runoff presidential election May 8, computer projections by the Ministry of the Interior showed Sunday. The figures were based on 65.5 percent of the vote in the first of the two rounds of the

Mr. Mitterrand. 71, appeared to be positioned to retain the French presidency on the basis of the proections, which were expected to parallel the official results. Seven candidates were eliminated.

Jean-Marie Le Pen, 59, the leader of the extreme rightist National Front, was winning 14.05 percent of the total, the projections showed. Mr. Le Pen's surprisingly strong score gave him an important voice as a broker of the rightist vote in the campaign during the next

two weeks. Mr. Le Pen, whose appeal to voters included strident attacks on national immigration policies, a call for the restoration of capital punshment and a demand for realfirmation of family values, was jubi-

"We have the certainty of a political carthquake and a radical transformation of the national landscape," he said. "Nothing will ever be done in France without the voters of the National Front."

Observers said that the election had transformed Mr. Le Pen from a edonia have been freed. protest candidate into an important force on the political right.

percent, was split three ways, the where Kanak separatists captured Interior Ministry projections indi-the gendarmes in an attack Friday cated. Mr. Chirac, 55, got 19.56 that caused four deaths.

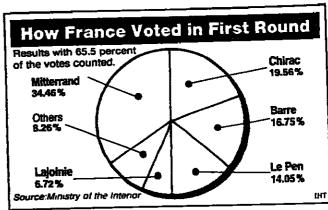
percent; Raymond Barre, 64, the centrist former prime minister,

tory. He was expected to win addi- French gendarmes in an attempt to

Mr. Mitterrand, apparently referring to Mr. Le Pen's political weight on the French right, said in

defeated leftist candidates and choice is simple." He appealed for from centrist voters alienated by the support of French moderates, Mr. Le Pen's influence on the tradi-who, he said, "did not give me their vote today, but who share our common values.

The bitter inlighting among the See FRANCE, Page 2



# 11 Gendarmes Freed; Paris Moves on Kanaks

Compiled by Our Staff From Dispatches PARIS - Defense Minister Andre Giraud of France said Sunday that 11 of 27 paramilitary policemen taken hostage Friday in the South Pacific territory of New Cal-

He said on television that a mili-Int force on the political right. tary operation was in progress on the conservative vote, which the island of Ouvea, east of the amounted to slightly more than 50 main New Caledonian island,

Mr. Girand said he received the news by telephone from Noumea, 16.75 percent; and Mr. Le Pen, the capital of the territory. He gave 14.05 percent.
Mr. Mitterrand, showing 34.46 no further details.

percent of the popular vote, appeared to be within reach of vic-Earlier Sunday, Melanesian sep-

disrupt presidential and local elec-

About 60 percent of the 87,350 eligible voters in New Caledonia went to the polls despite a call by separatists to boycott the elections. Authorities closed 38 of 139 polling places because they were considered likely targets for militants. Elsewhere on the archipelago.

ballots were burned, telephone lines were cut and barricades were erected, and authorities used tear gas to disperse protesters.

New Caledonians voted in the French presidential election and for representatives in a new territorial assembly created by Prime Minister Jacques Chirac's govern-

See NOUMEA, Page 2

# Study Sees Fatal Flaws in SDI "be produced in the foreseeable fu- an estimated cost of \$150 billion

By R. Jeffrey Smith

Washington Past Service
WASHINGTON — President Ronald Reagan's space-based missile defense system would "suffer a catastrophic failure" the first time it was used to protect against a Soviet nuclear attack, a nonpartisan congressional report has con-

chided.

The Office of Technology Assessment, after a study of almost two years, took sharp issue with the president's vision of the Strategic Desense Initiative, saying that the detailed computer instructions needed to destroy thousands of warheads streaking towards the United States probably could not

# **Bush Seems** Pragmatic On Economy

By Peter T. Kilborn

New York Times Service

WASHINGTON — After a primary campaign in which his eco-nomic proposals consisted mainly of support for the programs insti-tuted by President Ronald Reagan, Vice President George Bush has gathered advisers who are helping him prepare proposals that imply a more moderate, pragmatic agenda.

The four top economic advisers of the de facto Republican presidential nominee are Michael J. Boskin, Martin S. Feldstein, Richael J. ard G. Darman and Paul W. Mac-

Avoy.

Each fits a conventionally conservative mold, with a traditional
servative mold, with a traditional Republican emphasis on balancing the budget, while the tax-cutting supply-side economists who helped devise Mr. Reagan's initial policies have minor roles with Mr. Bush. Economists close to Mr. Bush

said he would do nothing to revive the president's largely lost cause of further large increases in military spending. And while Mr. Bush has repeatedly said he would oppose higher taxes, the economists on his team have previously supported such increases as a last resort. Campaign aides said Mr. Bush

will portray himself mostly as a caretaker of Mr. Reagan's initia-"The vice president feels that although there are some problems, the economy is in strong shape and doesn't need an overhaul, said Charles W. Greenleaf, Mr. Bush's

deputy chief of staff and assistant for policy. It is nevertheless apparent from the views of the economic advisers that Mr. Bush and his staff most often consult and from some of the policies he is devising — that the vice president would likely steer a more conventionally conservative

See BUSH, Page 2

assuming that the system could of the space we stop a substantial portion of Soviet initial antimissile scheme. missiles because there is no scientific evidence to date to support

of the Office of Technology Assessment, which was given access to porters and opponents. An unclassified version of the

public for seven months by Pentagon officials, who say it contains sensitive information. Although three chapters remain in dispute, officials directing the SDI effort cleared nine others last month, inclearen nine others tast month, and cluding a summary chapter, ob-tained by The Washington Post. The Pentagon is pursuing a plan to deploy the first phase of SDI at

Congress already has slashed the It also said that the timetable Reagan administration's annual recalling for deployment in the mid-quests for SDI funds by roughly 30 1990s required "an act of faith" in percent and barred elaborate tests

The overall conclusion reported by the Office of Technology Assessment is that despite five years The conclusions are among the principal findings of a 900-page report on SDI prepared by the staff SDI goals," which include at the outset substantial disruption of a secret SDI data and drew advice Soviet missile attack and in later from an expert panel of SDI supporters and opponents.

Soviet missile attack and in fact stages "elimination of the threat posed" by Soviet missiles.

The report said that SDI softreport has been withheld from the ware would face an enormous challenge, with proof of success impos-

Judging from past experience, the report said, it appears that the complexity of the ballistic missile defense, the uncertainty of the requirements it must meet, and the novelty of the technology it must See SDI, Page 2



# Low Dollar Makes U.S. a Retail Mecca

By Sharon Warren Walsh

Washington Post Service

NEW YORK — Even if you did not speak Italian, it was easy to figure out what the five tourists from northern Italy were shopping for in the South Street Seaport on a free afternoon.

"Ray Ban." "Revlon." "Nike." "Timberland." These popular American brand names are sprinkled throughout their hurried

A Japanese tour group on the same day in the city is headed not only for the Statue of Liberty, but also for Bloomingdale's depart-

Largely as the result of the battered dollar, foreign visitors to the United States are spending record sums on everything from designer jeans and videocassette recorders to the Samsonite luggage in which they will carry the goods home. Since it peaked in 1985, the dollar

has lost half of its value, compared with the currencies of its major Nearly 30 million foreign visitors are expected to spend \$22 billion in the United States this year, a 13-percent increase over 1987, according to Harvey Shields, marketing research analyst for the U.S. Travel and Tourism Administration of the Department of Com-

With the summer tourist season approaching, New York retailers are greeting Germans, Japanese, Italians, French and British with

At the Foot Locker store in the South Street Scaport in New York,

for example, Jerry Vossen, manager of the shop, said foreigners now represent about 75 percent of his business.

Many tourists are making their second, third or fourth visits. With each successive trip, those who once traveled only in large groups to the traditional antenness ratios, such as New York and Los Angeles. the traditional gateway cities, such as New York and Los Angeles, become more independent and knowledgeable about what they want

and where to get it. Other cities and states are attempting to capture part of this prowing market by increasing their overseas advertising budgets. Even Oklahoma now has a tourist office in Japan. But, in the world of shopping. New York still holds sway in attracting foreign visitors. "New York is the shopping capital of the world," said Jack McBean, head of the New York Convention and Visitors Bureau. "Goods come here from everywhere," he said, "and people come to

Affluent foreigners crowd many of the most expensive shopping areas in New York, and more are expected this summer. In Trump Tower, which houses a number of shops offering fashionable goods, merchants "are expecting gangbuster business this year from for-See TOURISTS, Page 2



The Bloomingdale's store on Third Avenue in New York is a popular stop for tourists taking advantage of the weak dollar.

# **Modest Result Foreseen** From OPEC Meetings

By Robert J. McCartney and Martha M. Hamilton Washington Past Service

The unusual meeting scheduled for Tuesday between OPEC and non-OPEC nations has raised the possibility that the oil cartel could regain and extend its leverage on world oil markets and drive cil prices up. Or, if the members of the Organization of Petroleum Exporting Countries fail to reach an agreement with their non-OPEC competitors, that could send oil prices

tumbling.
With all its dramatic possibilities, it is easy to see why the meeting has overshadowed such longerterm trends in world oil markets as an increase in demand. According to many oil analysts, this trend holds out the prospect of gently rising oil prices for the rest of 1988.

To persuade markets that there is significant new cooperation among exporters, participants at the meeting will have to agree on major production cuts, totaling 500,000 to a million barrels a day. traders and other industry specialists say.

More likely, most analysts say, is a relatively modest agreement.

There will be something in between the two extremes," said Nigel Gault, a senior economist with Data Resources Inc. That middle ground, he said, could be "continuing meetings and dialogues be-tween OPEC and non-OPEC producers and some decrease in OPEC production" that would support prices at their current levels or push them up slightly.

Representatives of Mexico, Colombia, Egypt, Oman, Angola, China, Malaysia and Brunei are to meet Tuesday in Vienua with the only of the members of one of the members of OPEC's pricing committee: Saudi Arabia, Venezuela, Indonesia, Al-

geria and Nigeria.

Two days later, ministers of all
13 OPEC nations will hold a consultative conference. Under OPEC rules, if they chose to convert the meeting into an extraordinary session, they could adopt such actions as output reductions to raise prices. Over the years, the record of co-

operation between OPEC and non-OPEC exporters has been spotty. OPEC's top producer, Saudi Arabia, agreed to call the meeting only reluciantly, after Iran, a rival, lobbied hard for it. And Saudi Arabia has consistently opposed reducing OPEC quotas, arguing that any reduction in production in order to bolster prices would simply allow non-OPEC nations to raise production and take market share.

Should the Saudis agree to participate in cooperation with non-OPEC producers, the psychological impact on the oil markets would be powerful. But the risks are high on the other side, too.

"If nothing is done, the opportunity to get any kind of support from non-OPEC countries is gone, said John H. Lichtblau, president of the Petroleum Indusury Research Foundation.

Just the fact that the meeting was called strengthened oil prices. Expectations that it might lead to an

See OPEC, Page 19

# Europe's Drug Trade Gains on the U.S., Interpol Aide Says

tries met in Paris last week for a regional conference of Interpol, the International Criminal Police Organization. Much of the discussions concerned the growing trade in illegal narcotics, and Paul Higdon, an American who heads the organization's narcotics subdivision, discussed the problem with Barry James of the IHT staff.

Q. The United States is the world's biggest consumer of illicit drugs — but is Western Europe far behind?

A. Consider that from 1986 to 1987 in Europe, heroin seizures jumped from 1.9 to 3 tons; cocaine seizures from 1.6 to 2.5 tons. Consider also that if all the cocaine seized in Europe in 1970 were put in a pile, it would weigh little more than a kilo. So Europe is well behind the United States right now, but it seems to be doing its best to catch up.

Q. Do you have any idea of what percentage of illegal narcotics are getting through to their destination?

A. No. We always hear estimates that seizures are 10 to 15 percent of the total, but they are just that — estimates. The only thing we know with certainty is what

Delegates from 24 European coun- we seize and what informants say slipped through the net. But to establish an accurate figure, we would need to know what amount was produced, and how much of that was sent to the consumer market. In

### MONDAY Q&A

fact it's all rhetoric, because all that need be said on the subject is that more than enough supply is getting through to satis-

Q. Are there parallels between what is happening today and prohibition? Some argue that it makes sense to deal with narcotics as you deal with alcohol - that is, to let it in freely so the price comes down and associated crime is reduced and then deal with the consequences through education and treatment. What

do you say to such an argument? A. Prohibition didn't work because alcohol was prohibited after being legal. Society today has never known a period when drugs were legal and freely available and that is the way it should remain. To make them legal now would be an inteversible mistake which would have disastrous long-term consequences. I'm also convinced that if alcohol were introlled substance, too, because of its impact on health and society.

Q. Despite the increase in funding, record confiscations and a threefold increase in the numbers of arrests in the United States, the supplies are getting through in ever more vast amounts. For example, the street price of cocaine in many U.S. cities has never been lower, the supply never greater. Why is the anti-narcotics policy not baving more of an

A. Because drug interdiction has to strike a balance with the interests of un-restricted trade. People and politicians are concerned about the problem of drug availability but how many of them wi bonestly tell you they are willing to wait for one or two hours in a stifling vehicle while crossing a border checkpoint? In fact very few are tolerant of the delays caused by baggage searches in air-conditioned customs enclosures. Since interdiction is near impossible, the emphasis must be on reducing the production and reducing the demand.

Q. One of the U.S. presidential candidates, Jesse Jackson, has focused attention on the drug problem and on the fear

vented today, it would become a controlled substance, too, because of its imther society. How important is this political ical leadership in dealing with the prob-

> A. Success in the fight against drug abuse is entirely dependent on the level of political will that exists in a country. because it dictates what resources are made available to police and prevention

Q. Are you finding links between the drugs trade and international terrorism? A. There is no doubt that link exists. To conduct their business, terrorists need money. Let's be frank, trafficking in drugs is certainly as profitable as bank robberies and less risky.

Q. Interpol is developing financial in-vestigative methods to seize the profits of drug traffickers. How much success are you having with this program?

A. It has been extremely successful judging from the number of countries that have adopted legislation enabling them to trace, freeze and seize traffickers pains. What started as an idea has become an essential enforcement tool. Q. Given your world view of the illegal trade in narcotics and psychotropic sub-

ment over the objections of mili-

Caledonia, a branch of Mr. Chir-

ac's conservative Rally for the Re-

public party, won 35 of the 48 seats

and the extreme-right National

small, rightist parties, and two seats

Thirty-six percent of the residents

Kanaks want independence, and

most Europeans want to remain

the 27 hostages. A fourth officer shot in the attack died Sunday in a

are European, and the rest are pri- separatists.

Three seats were won by two mea, the capital.

were won by dissident separatists. Kanak separatists erected barri-

Known as Kanaks, native Mela- cades in several villages to disrupt

nesians make up 43 percent of the voting. At a barricade on a road island's population of 145,000. outside Canala, six gendannes were

marily Asian or Tahitian. Many **5** Hurt in Corsica Blast

On Friday, a group of Kanaks driving past it on the outskirts of demanding that the elections be Calvi, a Corsican coastal town,

canceled attacked an army post, Renters quoted police sources in killed three gendarmes and took Calvi as saying Friday.

The separatists also had de- Corsican separatists are fighting

manded removal of police rein- French rule. There were no claims

FRANCE: Mitterrand and Chirac

forcements from the island and of responsibility for the attack.

The Rally for the Republic in

tant native Melanesians.

Front won eight.

part of France.

hospital in Sydney.

A. Trends in drug traffic are very dynamic. Heroin from Southwest Asia moves daily from the Golden Crescent through India and Africa to Europe and North America. Almost identical quantities are shipped to the same consumer countries from the Golden Triangle in Southeast Asia. Cannabis, one of the most abused of all controlled substances, reaches Europe from Lebanon and Morocco and the United States from South and Central America. As I mentioned, cocaine from South America, which has immdated the United States for several years is now being seized in alarming quantities in Europe.

Q. What is Interpol's role in the fight against international narcotics traffick-

A. We have 146 member nations. About 30 percent of our activities is dedicated to drug enforcement at the international level. These include providing member countries with operational support, intelligence, communications and access to computerized files. We are in every sense the long arm of the law.

to discuss independence.

An officer was shot in the stom-

ach Sunday while guarding a polling station in Canala, on the east

coast of the main Caledonian is-

land. Another officer was shot be-

fore polls opened in Pouembout, on the island's west coast, 420 kilo-

meters (260 miles) north of Nou-

Gendarmes in Nonnéa said that

hurt, one seriously, in fighting with

Five gendarmes were hurt, one of

them seriously, when a booby-

trapped car exploded as they were

driving past it on the outskirts of

The sources said it was the first

time a car bomb had been used on

the Mediterranean island, where

6.72 percent of the vote, according

The outcome reflected an accel-

erating decline for the Communists

after the postwar period, when they

often represented nearly a fifth of

Pierre Bérégovoy, a Socialist who

is often mentioned as a possible

choice as prime minister if Mr. Mit-

terrand is elected next month, as-

serted Sunday that Mr. Mitterrand

had emerged as the only leader ca-pable of maintaining a unified po-litical consensus in France.

Voter participation was 82 per-cent, higher than in the last presi-

dential election, in 1981, even

though the campaign lacked the ideological vigor and vitriol tradi-

was their worst showing ever.

sion projections.

# WORLD BRIEFS

# Israel Lifts Restrictions in Territories

JERUSALEM (Reuters) — Israel allowed Palestinians living in the occupied West Bank and Gaza Strip to leave their homes on Sunday in travel to jobs in Israel for the first time in a week.

A military spokesman said restrictions imposed last week to hat violent protests were lifted because there had been "relative calm in the occupied areas. The protests followed the April 16 assassing in Tunisia of Khalii al-Wazir, the military commander of the Patestine

Tunisis of Khalii ai-wazii, inc minori ai khalii ai-wazii, inc minori ai-waz occupied territories went to work in Israel on Sunday. Curiews con 400,000 Palestinians to their homes for a week were lifted, as well as the restrictions affecting 1.5 million Palestiniaus.

# Shultz to Brief NATO on Soviet Talks

TBILISI, U.S.S.R. (UPI) — The U.S. secretary of state, George Shultz, left for Brussels on Sunday to address North Atlantic Treaty Organization foreign ministers on his two days of meetings in Moscow and the planned U.S. Soviet summit meeting next month.

Before departing from Tbilisi, capital of the Georgian Republic, Market Shultz told the news agency Tass that his talks in Moscow, which ended Friday, had been frank, but had not produced decisive results. Not proceed the produced decisive results.

agreement on arms control issues was reached.

Mr. Shultz traveled to Tbilisi on Saturday after visiting Kiev as part of his trip to the southern Soviet republics. In Kiev, capital of the Okrame, Mr. Shultz noted the persistence of religious faith when he vising former monastery. In Tbilisi, he attended a cathedral service and wise given an icon bearing the image of Georgy, the local patron same

### Gunmen Attack Philippines Ufficial

MANILA (UPI) — Three gunmen tried to ambush the governor of Zambaies Province, home of the U.S. Subic Bay Naval Station, but need shot and killed by the governor's bodygnards, officials said.

Three gummen in a car opened fire Saunday on a motorcade carrying Governor Amor Deloso as he approached his residence in Botolan, note the provincial capital of Iba and less than 70 kilometers (40 miles) soil NOUMEA: 11 Gendarmes Freed that negotiators be sent from Paris

the Subic Bay complex, the authorities said.

# 500 Challenge Pretoria Protest Ban

JOHANNESBURG (Reuters) - More than 500 people defied South African government warnings against anti-apartheid action with a week-end protest over the detention and alleged torture of children cangaing

The "Free the Children" rally Saturday on the Johannesburg campe the University of the Witwatersrand was the first public mass me to protest government policy since Pretoria effectively banned 19 and

apartheid organizations in February.

David Webster, a former member of the Detainees Parants Support
Committee, which was effectively banned in February, said at least 30,000 people had been detained at some stage since emergency rule in imposed in June 1986. He said up to 40 percent of the people detained at the people detain any one time were age 18 or under and included some as young as 9
"There appear to be about 2,500 to 3,000 now under detention," he said

### For the Record

Guerrillas in Peru assassinated two leftist mayors in towns department of Arequipa, an official said Saturday.

AP

Nancy Reagan underwent a routine physical examination and a breast X-ray on Friday, neither of which showed any problems, the White louse announced.

About 20,000 people staged a peaceful anti-modest tally in a Tokyo

park on Sunday to mark the second anniversary of the Chemobyl modes accident in the Soviet Union, organizers said. (Reuters)
Three soldiers and three leftist rebels were killed Saturday when guerrillas attacked a military post near the town of Corinto in northeast ern El Salvador, military sources said.

TRAVEL UPDATE

### Airborne U.S. Smokers Go Without

NEW YORK (UP) — Frustrated smokers are mints and licked lollipops Saturday on the first day of a federal smoking ban on airline flights within the United States of two hours or less. Passengers wife ignore the ban can be fined as much as \$1,000. Northwest Airlines has banned smoking on all domestic flights.

Laguiller, head of the Trotskyist

Laguiller, head of the Trotskyist

Capit temporary employees to distribute mints to passengers. One of the Coverency and Pierre Boussel, leader of the Worker Struggle movement, 2 percent; and Pierre Boussel, leader of they've been waiting a long time for this." But Alvin Michaelson, at the Movement for a Party of Work-

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

TUESDAY: Alghanistan, Tanzania. WEDNESDAY: Togo.

FRIDAY: Denmark, Japan,

SUNDAY: Afghanistan, Algeria, Bangladesh, Burma, China, Cyprus, Diboos Egypt, India, Iraq, Jordan, Malaysia, Morocco, North Yemen, Pakistan, Singapos South Yemen, Sri Lanka, Syria, Thailand, Tunisia.

### **DOONESBURY**





KEEP THINKING SOMETHING





# **Damascus Welcomes Arafat Visit**

DAMASCUS — Yasser Arafat, chairman of the Palestine Liberation Organization, arrived Sunday in Damascus for an official visit that was expected to signal an easing of PLO relations with Syria, estinian officials said.

Mr. Arafat was greeted on arrival by senior Syrian and Palestinian officials, the officials said.

The visit follows talks between a team from Mr. Arafat's mainstream el-Fatah group within the PLO and Vice President Abdel Halim Khaddam of Syria, aimed at healing a rift between Damascus and the Palestinian organization.

Mr. Arafat's relations with Syria crumbled in 1983 when the PLO leadership was expelled from Lebanon and Syria threw its support behind by a revolt by a PLO faction opposing Mr. Arafat.

The Palestinian sources said President Hafez al-Assad would meet with Mr. Arafat.

A PLO delegation renewed open contact with Syrian officials after coming to Damascus for the funeral last week of Khalil al-Wazir, the PLO military commander, who was assassinated April 16.

Mr. Wazir, better known as Abu Jihad, was killed outside Tunis by what is widely believed to have been an Israeli assassination team Syria invited PLO and Fatah leaders to Damascus for Mr. Wazir's

Mr. Arafat, however, stayed away after failing to receive guarantees of a meeting with Mr. Assad.

(Continued from Page 1)

here, they came pouring out of Bandar Abbas like bees from a

hive." The reference was to Iranian

speedboats operating from the port

spasm of violence has led to reas-

sessments in many Arab and West-

In the view of many analysts,

Tehran's leaders focus their rhetor-

ical energy against external

"threats" to divert the attention of

their 49 million citizens from the

unresolved political struggles at

home and a steadily deteriorating

economy drained by the long war

But the war itself, "the imposed

war" in the rhetoric of Iranian lead-

appears to whip up a strong nation-

identify with martyrdom," said one

European ambassador in the re-

the region built to a new high as

As if to underscore the point,

Iraq, in a departure from its defen-

"Remember that these people

alistic spirit in the population.

invitation to glory."

the shift

ern capitals of Iran's intentions.

The recent and unpredicted

of Bandar Abbas.

in Tehran.

Rafik al-Natchi, a member of the Fatah central committee, said that Syrian-PLO rapprochement was a new factor in the region and its effects would be felt in the near eight years said: "Those people future.

### **SDI:**

### Fatal Flaws Seen (Continued from Page 1)

control "would impose a significant probability of software-induced catastrophic failure" in the first — and only — real battle.

The report said there was broad agreement in the technical community that significant parts of the SDI research were "in the national interest" and did not rule out that "such achievements may someday accumulate to form the basis for a highly effective missile defense sys-

But the report also expressed substantial skepticism that the re- ers seeking to highlight the Iraqi maining technical problems could invasion in September 1980, rebe solved and called fresh attention mains the holy crusade that still to a host of potential Soviet measures to counter a ballistic missile defense. It said these potential Soviet actions had not been studied adequately by SDI managers. Exotic, space-based lasers and gion, "and to many of them, a prov-

particle beams, which could poten- ocation from the Great Satan is an tially defeat early Soviet counter-measures in the third phase of an SDI deployment, will not be proven feasible for at least a decade, the diplomatic efforts to end the fightreport said. As a result, U.S. "commitment in the mid-1990s to phase in the United Nations Security range.

Council.

The United Nations Security range.

When the day's battle was over, when the day's battle was over, and the security range. act of faith that phase three would

The report said potential Soviet countermeasures included firing ern Faw Peninsula, lost to Iran two missiles carrying nuclear warheads at U.S. space weapons in orbit, launching thousands of warhead years ago. By all accounts, it sucreplicas or decoys and jamming

The report said that, despite SDI claims that these and other threats have been studied in depth, a search of SDI files and those of companies with SDI contracts turned up "little analysis of any kind" of Soviet space weapons that could be used to attack a U.S. missile defense, swiftly degrading its



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### WAR: Containment Elusive in Gulf TOURISTS: lion, Iraq raised the stakes with

new chemical weapons attacks. provoked externally, according to Iran, apparently unable to strike back decisively in the land war,

CAR BOMB IN LEBANON KILLS 60 — In Tripoli, residents inspect the damage done by a car bomb that exploded in a crowded vegetable market, killing at least 60 people and wounding 125 on Saturday. No group has taken responsibility for the explosion, which destroyed several buildings, shattered windows in others and set dozens of nearby vehicles on fire. Leading Moslem figures in the

city issued a statement accusing the Lebanese Forces, a Christian militia, of placing the explosives,

everal Western diplomatic sources whose governments have embassies turned to the neutral sea-lanes, A shipping executive outside of the middle of the Gulf despite such behavior would draw strong up pretty tight, and as you saw this week, when the Americans came in retaliation.

April 14 and nearly sank, the Reashop at discount stores. gan administration showed surprise, as it had last summer when another Iranian mine parted the hull of the supertanker Bridgeton during its maiden voyage under U.S. Navy escort.

in Washington was that Iran would not confront U.S. military power directly in the Gulf. In both cases U.S. officials miscalculated.

U.S. retaliation against two Iranian offshore oil platforms, used as bases for attacks on shipping, drew another unpredictable Iranian response. Iranian warships, outclassed and outgumed, sought to engage the U.S. fleet while Iranian speedboats manned by Revolutionary Guards opened fire on oil workers off the United Arab Emir-

One U.S. skipper reported that five Chinese-made Silkworm missiles had been fired on his naval squadron in the Strait of Hormuz, suggesting that Iran had crossed another threshold of confrontation. The United States has long warned In the past week, the violence in that the Silkworm batteries overlooking the strait would be de-stroyed if activated while U.S.ing seemed to have lost momentum flagged ships passed within their

six Iranian vessels had been sunk or badly damaged and a U.S. helicopsive war strategy, launched an of-fensive April 17 to retake its south-was missing.

was missing.
"After this week, the United
States is in it," said one veteran American analyst. "If this marks a On the northern front, where shift to the hard-liners in Iran, we Iran scored territorial gains during the winter in an area already partly destabilized by a Kurdish rebelmay be in for a hot Ramadan with more incidents and an escalating level of confrontation."

# GULF: Iran Attack Defies Reagan

■ Report on U.S. Helicopter iterated the next day that final decisions on how to expand the role of Tehran radio said Iran has re-U.S. forces have yet to be made. Consultations with Congress and with U.S. allies will continue, the trieved the wreckage of a U.S. heli-copter reported missing during the U.S.-Iranian clashes last week, United Press International report-Lawmakers reacted quietly, and

with little opposition, to reports of The Pentagon has declared the two-man crew of the helicopter The use of coast guard patrol before clashes last week between Iranian and U.S. forces, might aid

down over Gulf waters, but Pentathe U.S. fleet in expanding its pro-tection to include oil rigs in shallow ran only said it shot down the airran only said it shot down the airwaters, some operated by U.S. craft after the U.S. reported it employees who can act as transla- a specialist in energy and regula-

Buying American (Continued from Page 1)

pensive than in the past, many of ism." taliation.

When the U.S. frigate Samuel B.

those expected this year are likely Acknowledging this advice, Mr. to be middle-class travelers, who Chirac added other objectives, in-Roberts struck one of the mines on generally stay in budget hotels and cluding "security" and a crack-

The cheaper dollar is definitely bringing the middle class," said Mr. Le Pen's themes, appeared to Sante Scardillo, a tour guide and be a bid to appeal to National translator for American Tours In- Front supporters in the run-off. ternational, a Los Angeles tour wholesaler for foreign travelers lemma that Mr. Chirac faces in In both cases, observers said, the that expects its business to almost trying to reconcile the rival wings expectation among policy makers double this year. They want the of the conservative vote.

According to travel industry ob-According to travel industry ob-servers, the Japanese spend the against the Socialist candidate, we most money during their trips, an must rally together." average of \$366 a day last year. That was an increase of 142 percent from 1986.

The Japanese tend to be brandconscious, Items carrying Cartier, Gucci and Louis Vuitton labels, designer jeans and other expensive designer goods are a must. Not only are the items less costly when bought in the United States, but there is a broader range of choices.

The British place a higher priority on shopping than any other na-tional group when choosing a foreign destination, according to Commerce Department studies. Eighty-eight percent of British travelers surveyed mentioned shopping as important, while 85 percent of Japanese, 80 percent of the Swiss and 74 percent of French and Germans did so.

American-made cosmetics, which often are expensive else-where, are particularly in demand, porting reductions in Social Securiretailers said. Many of the groups, particularly those from South America, bay shopping bags full to
take back to friends and relatives.
Sun screens and other skin-care post as chairman of the President's

eign tour groups, Barry Mann, the hotel vice president, said he sees guests coming back from shopping trips with armloads of clothing from the nearby garment district, as well as boxes of electronic equip-

groups. The store often opens early for these shoppers, as it did recent-ly for a group of about 50 tourists from Amsterdam, who were interested in designer clothes and beach is known for a nonideological aptowels embossed with the Statue of proach to policy.

past. Mr. Chirac has refused to (Continued from Page 1) form an electoral alliance with the conservative factions, commenta-National Front. tors said, made it unlikely that Mr. The French Communist Party Chirac would succeed in picking up scored less than 10 percent. André enough of his defeated rivals' votes Lajoinie, the official candidate, had

Mr. Chirac apparently lost votes to Mr. Le Pen in the campaign's closing stages amid a flare-up of to the projections, and Pierre Ju-quin, a reformist, 2 percent. terrorism by dissidents in New Caledonia and Corsica.

Mr. Barre, orging his supporters to switch their votes to Mr. Chirac eigners," said Ray Bartow, a on May 8, said that he counted on spokesmen for the Trump Organi- Mr. Chirac to support his own commitment to "an open and tolerwarnings from Washington that making the United States less ex- racism and all forms of extrem-

> Acknowledging this advice, Mr. down on "illegal immigration." The phrases, echoing some of

The exchange illustrated the di-

Mr. Chirac appealed to voters to

Mr. Le Pen said that he will wait until May I to announce which tionally associated with French

# **BUSH:** Pragmatic Economics

economic course than has Mr. Rea-

team is Mr. Boskin, the economist whom the campaign staff lists first among the four advisers. A professor of economics at Stanford University, he describes himself as others describe him: an orthodox Republican conservative.

on the budget deficit issue, willing porting reductions in Social Security benefits for wealthy retirees, proposals Mr. Bush has spurned.

teaches at Harvard University. Lately, Mr. Feldstein has irked

Many of the big retailers in New York have special shopping programs for foreign groups. At Bloomingdale's, the calendar is booked through July with foreign investment banker who was deputy secretary of the Treasury under Mr. secretary of the Treasury under Mr. Baker from 1985 to 1987. In that job, he served as an architect of the 1986 overhaul of the tax system. He

shopping services, such as lists of at the University of Rochester and tion. He was a member of President Ford's Council of Economic Advis-

presidential campaign, Along with the four principal economists, Mr. Bush's staff cited

Mr. Bush supports tax breaks to

primaries, he promised to offer tax-free savings bonds to help parents pay college unition, a plan Mr. Nis-kanen has derided as one that would "make it cheapers the kids to go to college" because the poor do not save. Aides said Mr. Bush would also

curbed. In addition, new support for education and job training would be part of an upcoming "competitiveness" proposal.

On international issues, Mr. Bush has not developed firm posi-

He has been a friend of the vice president since the early 1970s, and he was an adviser, with Mr. Feld-stein, to Mr. Bush's failed 1980

as peripheral advisers William A. Niskanen, a former member of Mr. Reagan's Council of Economic Advisers, and two supply-side economists, Richard W. Rahn of the U.S. Chamber of Commerce and Arthur B. Laffer, who was prominent in Mr. Reagan's 1980 campaign and is a founder of the movement, which supports tax reduction and stimu-lation of production. On domestic economic issues.

encourage business research and development and to help the do-mestic oil industry. But the issue he has dwelt upon most to date is education. In early

revive lending programs for stu-dents that the administration has

tions beyond opposing restraints on foreign trade, aides said. For the moment, he differs with Mr. Reagan and Mr. Baker on the dollar, preferring to leave the markets free to set currency exchange rates.

# candidate he will support. In the elections.

(Continued from Page 1)

He said he has been a "realist"

products are among the most popu- Council of Economic Advisers in 1984 after infuriating the White At the Penta Hotel in New York, where about 35 percent of spring about budget deficits and proposand summer business is from forming the business is from forming the business is from forming the business is from the business is from the business is from the business in the business in the business is from the business in the busines

> the administration, particularly Treasury Secretary James A. Baker 3d, by supporting a further decline in the value of the dollar to help

iberty. The fourth adviser, Mr. MacA-Saks Fifth Avenue offers special voy, is dean of the business school

In general, smokers protested and nonsmokers cheered, but there were no reports of trouble. For example, a police spokesman in New York Car said that at John F. Kennedy international Airport and at La Guardia.

Airport there were no disturbances on or off flights because of the ban A dozen smokers protested at National Airport in Washington.

the electorate. The result Sunday Several airlines handed out mints and chewing gum to passengers to Rounding out the nine-candidate field was Antoine Waechter, ease the jitters of not smoking. Continental Airlines planned to distribute an ecologist with 4 percent. A letter more than 430,000 pieces of gain and 200,000 lollinous. Northwest hand

### the Movement for a Party of Workers, 0.4 percent, according to televi-Alitalia Trims International Flights

ROME (Renters) — Alitalia canceled most morning international flights from Monday to Thursday in response to a planned strike by pilots. A statement said a maximum of 12 international flights would leave the Rome and Milan airports on each morning of the strike, which affects the carrier's short- and medium-haul operations. The pilots' union, ANPAC, has called the strike to protest conditions

governing payment during labor disputes. It has told members to strike for six hours a day, from 7 A.M. to 1 P.M., Monday to Thursday.

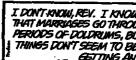
Kawait Airways will resume flights to Asia within the next 10 days after a suspension linked to the 16-day hijacking of a Bangkok-Kuwait flight, an airline spokesman said Sunday.

A move to end a 12-week Channel ferry dispute was amounted in Dover, England, on Sunday by P&O European Ferries, which is striking seamen that they would be dismissed if they do not accompany cost-cutting measures by Tuesday.

### This Week's Holidays

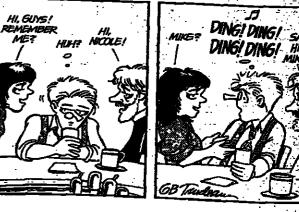
MONDAY: Australia, Egypt, Italy, Macao, New Zealand, Portugal, Swazilan

Source: Morgan Guaranty Trust Co., Renteral-









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BRIEFS

tions in Territor act allowed Palestinians in the to leave their bonnes on Saturne in a week time in a week strictions imposed last week strictions imposed last week increased the April 16 assessment military commander of the Month of the 100,000 laborate in Israel on Sunday. Carfers of Palestinians.

ATO on Soviet The U.S. secretary of sale General Aday to address North Adam in his two days of meeting in the Georgian Reput and not produced decision as was reached.

s was reached.

Ba Sanurday after visiting kirgs, publics. In Kiev, capital of the conference of religious faith when he attended a cathedral server; of Georgy, the local panon server.

Philippines Officials and the local state of the Saturday on a motorate phroached his residence in Book diess than 70 kilometers (4) and the orities said. retoria Protest la

s) — More than 500 people of gainst anti-apartheid artion with and alleged torture of children y Saturday on the Johannebuik terstand was the first public man-since Pretoria effectively hamei

MUAIV. sember of the Detaines Panel ed at some stage since energing up to 40 percent of the people a under and included some a per 00 to 3,000 now under detention

exted two leftist mayors in the official said Saturday." routine physical examination ad which showed any problem, b

d a peaceful and nuclear rally as easing arms ensure of the Change leitist rebels were illed Sued post new the town of Conniduc हेल्ड अर्थ

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# **AMERICAN TOPICS**

Traveling Nurses Help Ease Shortage

The nursing shortage has spawned a growing industry of traveling nurses, nurses-for-hire who crisscross the United States plugging gaps at short-staffed hospitals, typically working three months at one hospital before moving on to the next, The New York Times reports.

Nurses with a desire to travel can name where they want to work and when, following their wanderiust and the changing seasons. Their housing and traveling expenses are paid for. Traveling nurses generally are paid what staff nurses make, \$13 to \$22 an hour for a 40-hour week. In some cases, they receive bonuses of up to \$5,000 when they complete their stint

A new group of agencies devoted exclusively to placing traveling nurses has emerged recruiting norses nationwide and matching them up with hospitals across the

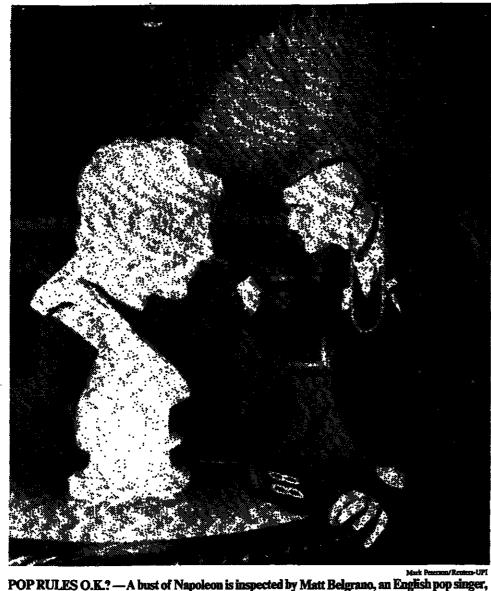
country.
So far traveling nurses account for only 6,000 to 25,000 of the two million nurses nationwide, and a tiny fraction of any single hospital's nursing corps. But for hospitals facing crippling short-ages, it is worth paying as much as twice the total cost of a staff nurse to hire an experienced traveler to fill in - the cost including not only the nurse's salary and expenses but the agency's com-

"The travelers are an important resource," said Karen G. Barnes of the American Nurses Association. "Without them, some rural hospitals in places like Texas, Oklahoma, Colorado and New Mexico simply could not

### **Notes About People**

Orval Faulus, the former Arkansas governor who tried to keep Central High School in Little Rock segregated in 1957, now says he supports the Reverend Jesse L. Jackson, the black candidate for the Democratic presidential nomination. Mr. Faubus, now 78, said he likes Mr. Jackson because he is focusing on issues that affect millions of people and because his campaign is more lively than those of the other Democratic candidates.

Doug Williams, the black quarterback who was voted the most valuable player in the National Football League Super Bowl on Jan. 31 for leading the Washing-



POP RULES O.K.? —A bust of Napoleon is inspected by Matt Belgrano, an English pop singer, in New York before the start Saturday of a 10-day auction of the collections of the artist Andy Warhol. More than 10,000 items, including paintings, furniture, watches and clocks, are being put on the auction block. The first session fetched \$994,074, double the estimate of Sotheby's.

ton Redskins to a 42-10 victory over the Denver Broncos, has established a foundation. He hopes to raise around \$300,000, much of which will be coming from his own pocket, for scholarships. drug abuse counseling and stayin-school programs for Washington-area schoolchildren, The Washington Post reports.

Princess Ileana of Romania, the last surviving offspring of King Ferdinand and Queen Maria and a great granddaughter of Oueen Victoria and Czar Alexander II of Russia, has stepped down as abbess of the Orthodox Monastery of the Transfiguration in Ellwood City, Pennsylvania. At 78, she remains there as the Reverend Mother Alexandra. The sister of King Carol and the wife of an archduke, she was exiled with the rest of the royal family

the Communist regime in 1947. At 52 and the mother of six grown children, she founded the first English-speaking Orthodox monastery in the United States in 1961. She said her royal background helped her cope with monastic austerity: "As a royal person you have to be very

### Short Takes

Fox Broadcasting Co.'s fledgling network, the fourth nationwide commercial network in the country, lost \$75 million in its first year but has no plans to quit. It has originated two highly successful new shows so far, "21 Jump Street," about undercover agents in high school, and 'America's Most Wanted," which profiles fugitive criminals.

trepreneur Rupert Murdoch, has good reason to hang on: The new network can provide programming for the seven independent television stations he owns.

Asking for "Naughty Mariet-ta," a 1935 golden oldie, at a video club, Christopher Curtis was asked by the youthful clerk, "Is it a porn movie?" Mr. Curtis, 58, told The New York Times's "Metropolitan Diary" column that "I attempted to enlighten him on the subject of Jeanette MacDonald-Nelson Eddy operettas. As it turned out he did have the video cassette, and I, of course rented it with keen anticipation. The only trouble was that I left the store feeling a lot older than when I entered.

Arthur Highee

# Congress Will Uphold Trade Veto, Reagan Says

By Paul Taylor

they had endured about 40 multi-

ple-candidate debates in eight

months, and now the Democratic

But it was the Massachusett

Then came Mr. Dukakis's turn.

conspiratorial stage whisper,

asked: "Are you interested? Talk to

Mr. Jackson erupted in laughter, elbowed Mr. Dukakis in the ribs and shook his hand. The audience

Mr. Dukakis was so pleased with

the response — usually it is Mr. Jackson who wins over the audi-

ence with his stage presence — that

when the question came up again a

half-hour later, he re-enacted the

gag before setting forth his "seri-ous" response: It is premature to

consider such matters and nobody

Mr. Jackson came into the de-

bate the underdog in the two-man

race. His advisers had hoped he

would use the occasion to begin

drawing sharp contrasts with Mr.

Dukakis over their domestic priori-

ties. But Mr. Jackson held back,

choosing instead to sound notes of

"Any combination onstage to-night," he said, "will beat the Re-

publicans." Later, he added that,

however it goes at the national con-

vention, "we will act as a unit to

send the Reagan-Bush forces back

The comments seemed designed

camps militarily if necessary.

conciliation.

to <del>priv</del>ate life."

is yet "ruled out or ruled in."

off against one another.

ding love feast.

By Julie Johnson New York Times Service
WASHINGTON — President Ronald Reagan, who has steadfast-ly opposed the comprehensive trade bill that is scheduled for a Senate vote Tuesday, has predicted that his veto will be sustained.

"Tve made it clear to Congress" will veto this bill, and I'm confident that my veto will be sustained, Mr. Reagan said Saturday in his weekly nationwide radio address. Then I'll work vigorously to secure responsible trade legislation and urge the congressional leadership to schedule prompt action on the new bill."

Throughout the past week Mr. Reagan escalated his rhetoric on the trade bill as the legislation passed the House of Representatives by a 312-to-107 vote. Although that vote was more than enough to override a veto, the president asserted that the measure would "damage our ability to compete with our trading partners."
"Everyone talks about wanting a

level playing field," Mr. Reagan said in the speech, broadcast from Camp David. "But what Congress would be doing is putting Ameri-can workers and industries on the field with one hand tied behind

Senator Robert C. Byrd of West Virginia, the majority leader, responding to the speech, appealed to Mr. Reagan to sign the bill. "Mr. President, at the l Ith hour,

don't turn back the clock," Mr. Byrd said. "We need new policies, not old politics. Put away your veto pen. Mr. President, sign the trade bill when it comes to your desk." Senate leaders have warned the

administration that a presidential veto, despite Mr. Reagan's insistence that he would sign a more acceptable bill, would probably end any chances for trade legislation this year. Administration opposition to the

measure, the most ambitious overhaul of federal trade law in 14 years, centers on a provision that requires businesses with more than 100 employees to give workers 60 days' notice before large-scale layoffs or factory closings.

This provision is among the features that the president characterized as unacceptable. He asserted that the plant-closing provision has remained in the 1,000-page bill only because Congress has caved in to pressure from organized labor.

Mr. Byrd said the plant-closing provision was "one small section to protect workers from suddenly being laid off without notice."

He summarized the administration position in terms of fairness. What they're saying," he said, "is this: It is O.K. to give golden parachutes to the big guys, but it is not came after Mr. Dukakis vowed that O.K. to give the little guy a warning that he is about to lose his or her terrorists." and strike terrorist job. Is that fair? Of course not."

er he would take military action against South Africa, which he de-Washington Post Service
PHILADELPHIA — Together scribed as a terrorist state, Mr. Dukakis spoke only of tougher eco-nomic sanctions. Mr. Jackson said after the debate that Mr. Dukakis had not been "consistent." Whether Mr. Jackson can win in Pennsylvania, where 178 delegates

Party's two surviving presidential candidates, heading into the Pennsylvania primary on Tuesday, finally were getting a chance to square are at stake, appears highly doubtful. Most polls show him running The result was a laughing, kidfrom 25 to 35 percentage points behind Mr. Dukakis. It could be even more lopsided in the fight for delegates. Pennsylva-The Reverend Jesse L. Jackson set the tone of the debate on Fri-

day, sponsored by the Pennsylvama is one of a handful of states that nia Democratic Party, by raising the hand of Governor Michael S. awards delegates on a winner-takeall basis by congressional district; most others award them on the Dukakis in a gesture of unity and victory as he strode onto the stage. basis of proportion of the statewide vote. In addition, voters select a governor who managed to deflect candidate in a nonbinding contest the evening's most delicate issue with an answer that tickled and but then vote for slates of delegates committed to one of those candidisarmed listeners, even his oppo-

Mr. Jackson's delegate slates are The question was whether Mr. expected to carry two predomi-Jackson would expect to be asked to accept, and whether he would nantly black districts in Philadelphia and one in Pittsburgh; they accept, the vice-presidential nomicould be shut out in the other 20 nation if Mr. Dukakis wins the congressional districts. The cam-paign has filed full delegate slates presidential nomination, as most political observers believe he will. in only eight of the 23 districts. "It is a bit premature to be giving

om coronation roses for the gover-nor and taps for me," Mr. Jackson replied, dead earnest. "We're mov-■ Conflict on Budget At a debate on Saturday, Mr.

Dukakis did not take up a chaling into the last lap, and I'm a longlenge from Mr. Jackson to "put With exquisite timing, he leaned over to Mr. Jackson, who was seat-ed beside him, and, in a mock-

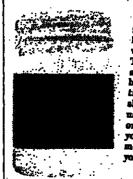
Between Jackson and Dukakis some money on the table" to pay When Mr. Jackson asked whethfor expanding domestic programs. The New York Times reported.

from Munhall, Pennsylvania Mr. Dukakis kept talking about how much he agreed with Mr. Jaskson, stressing his commitment to the goals Mr. Jackson had outlined but avoiding the financial backing Mr. Jackson had sought.

■ Dukakis Scores in Kan Senator Albert Gore Jr., who has suspended his campaign for the Democratic nomination, gained slightly in the delegate race at the expense of Mr. Jackson as Kanan. Democrats elected national delegate race at the expense of Mr. Jackson as Kanan. gates at district conventions Saturday, The Associated Press reported from Topeka, Kansas.

But the big winner was Mr. Da-kakis. Of 26 delegates elected, he claimed 12, Mr. Jackson seven and Mr. Gore five, with two others elected as uncommitted. Mr. Gore was only expected to win three. The breakdown will dictate how 13 more Kansas delegates are elected at a meeting of the Democratic State Convention on May 14.

Mr. Dukakis will claim seven of those 13, for a total of 19. Mr. Jackson and Mr. Gore, of Tennessee, will split the other six, giving Mr. Jackson a total of 10 and Mr. Gore eight. Had Mr. Gore not done as well at the district conventions. Mr. Jackson would have expected to win the other six.



You should not take Accutance if you are or may become pregnant during therapy. Severe human birth defects are known to occur in women taking Accutane during pregnancy. The possibility that you may be pregnant should be ruled out by you and your doctor before starting Accutane therapy. An effective form of contraception (birth control) should be discussed with your doctor and used for one month before, during and for one month after Accutane therapy. Should you anintentionally become pregnant, im-mediately stop taking Accutance and call

WARNING TO FEMALE PATIENTS

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By Agis 2.

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# **Maker of Acne Drug** Disputes U.S. Report

By Philip M. Boffey New York Times Service

WASHINGTON — Hoffmann-La Roche Inc. has asserted that an estimate by government scientists that 900 to 1,300 babies have been born with birth defects caused by the popular anti-acne drug Accu-tane in recent years was "flawed". and "essentially meaningless."
"We refute their data," said

to send a signal that Mr. Jackson has no intention of withholding his Carolyn R. Glynn, a spokeswoman support from the Democratic ticket for the company, which manufac-tures the drug. We think their study is invalid. When we go this fall, whether he is on it or not. through the same calculations we don't even come close to their num-

At the same time, the company said that it would propose what it In 1975, reflecting the new indeendence of the post-Watergate

Noriega Forces Accused changes" in the way Accutane was distributed to minimize the chances of fetal exposure.

The company said it would pro-pose "tighter restrictions on the use of the drug in women of childbear-ing potential," changes in packag-ing "to insure that female patients receive the pregnancy warning with every prescription," and an extensive educational program about the

dangers.

The drug already is dispensed by pregnant women or women who might become pregnant. But gov-ernment experts believe that thousands of women have taken the drug while pregnant, despite the

warnings.

The company's estimate of the number of birth defects that might be attributable to the use of Accutane by pregnant women would be closer to the number officially reported to the Food and Drug Administration, Ms. Glynn said. That total, since the drug was licensed in 1982, is 62.

Hoffmann-La Roche said it had prepared an extensive rebuttal to a confidential memorandum by staff members of the drug agency that was reported Friday by The New York Times. The report concluded "However," it said, "the general's departure would not by itself resolve the country's endemic political problems or end its human G. Kozak, and a military spokes-

The company said it would offer to pay for pregnancy tests and counseling about contraception for

miologists at the federal agency, concluded that Accutane cause 900 to 1,300 "severe birth defects" from 1982 to 1986, 700 to 1,000 spontaneous abortions, and 5,000 to 7,000 deliberate abortions by pregnant women who feared that

The memorandum also estimated that 97 percent of the women who receive the drug do not have the kind of very severe acne for which the drug was originally intended. It recommended that the agency consider removing Accutane from the market.

the drug would deform their fetus-

A spokesman for Hoffmann-La Roche said the company had not disclosed its rebuttal of the Food described as far-reaching and Drug Administration analysis Thursday because it had as with government officials that the issues would be discussed at a meeting of an expert advisory committee scheduled for Tuesday.

On Friday, officials of the drug agency and the Centers for Disease Control declined to discuss the issue further pending full review at the meeting on Tuesday.

The drug, whose generic name is isotretinoin, was approved by the agency in 1982 for the "treatment" of severe, recalcitrant, cystic acne unresponsive to conventional therapy, including systemic antibiotics." Such acne is characterized by deep, inflammatory cysts in the skin that can leave significant scars.

# Ford Foundation To Finance Care For AIDS Victims

New York Times Service NEW YORK — The Ford Foundation is to announce Monday a major effort to finance care for people with AIDS and to assist their families.

Other philanthropies and corporate donors are joining the foundation in setting up the National-Community AIDS Partnership, which will channel funds to have dreds of local organizations around the United States, many of which are struggling with fragile financing to provide housing, day care, counseling and other services.

The partnership also will finance preventive education to carb the spread of AIDS, or acquired in the spread of AIDS are unune deficiency syndrome.

Initially, the Ford Foundation will contribute \$2 million to the partnership. Smaller sums at the

Outset are coming from other phi-lanthropies in the national partner ship: the Kaiser Family Founda-tion, \$200,000; the Rockefeller Foundation and Gannett Founda-tions, \$100,000 each; and the Xorox Foundation and the Actna Life and Casualty Foundation, \$50,000 each annually for two years.



# Lord Ramsey, Ex-British Primate, Dies

LONDON - Lord Ramsey, 83, the former archbishop of Canterbury, died Saturday in Oxford, the Anglican Church announced. He had been ill with bronchial pneumonia for several weeks.

### Ecumenical Leader

By Dennis Hevesi

New York Times Service As the Most Reverend Arthur Michael Ramsey, he headed the Anglican Church from 1961 to 1974. In 1966, as part of travel to promote the ccumenical movement, he went to Rome and paid an official visit to Pope Paul VI. And in 1972, he preached at St. Patrick's cyclical against birth control.

Cathedral in New York City, the In 1970, during an interview beof Illinois, a quiet, unassuming for-Cathedral in New York City, the first time a leader of the world's

since Henry VIII broke from the strength. By one account, when he Catholic Church in 1534. Upon his once was required during a ceremo-

**ESCORTS & GUIDES** 

INTERNATIONAL

between consenting adults.

During the debate, he vigorously disputed an argument by Lord Dil- of Durham as bishop. home, a former lord chancellor, that some forms of homosexual behavior were worse than others and should be punished. The archbish- as he had in Liverpool, in shedding op, going into clinical detail, said his robes and popping into pubs to that he could see no "big moral lift a few with the workers." distinction."

Despite his attempts to foster ties with the Roman Catholic 22-Term Congressman Church, he criticized the pope's en-

fore a trip to South Africa, Lord mer sportswriter who served as Anglican communion had occu- Ramsey attacked apartheid, saying chairman of three important conpied the pulpit of the Roman Cath- that "it is being increased by more nuthless actions."

British troops to overthrow the vicar of St. Benedict's Church in white-minority regime in Rhodesia. Cambridge. A year later, he was Earlier that year, he caused a furor appointed professor of divinity at On the day he was elected to when he expressed strong support.

Durham University in England. A Congress, Nov. 7, 1944, he was a for a bill to repeal criminal penaldecade later, he returned to Camcorporal in the army, loading apties for private homosexual activity bridge as regius professor of divin-ples on KP duty. On learning of his

But even after he rose to that rank, and later when he was archbishop of York, he still delighted,

Melvin Price of Illinois,

WASHINGTON (WP) - Repgressional committees during a 22term House career, died Friday in Lord Ramsey was the 100th prime the was a large man who gave the the hospital at Andrews Air Force mate of the Church of England impression of great physical Base near Washington. He was 83. Mr. Price had pancreatic cancer,

diabetes and arthritis. retirement, he was made a life peer, and took the title of Lord Ramsey of Canterbury.

In 1965, he controlled the controlled the door splintered.

Esteemed by his colleagues for fairness and integrity, as well as by the door splintered.

On the day he was elected to ity, a royal appointment. In 1952, election, his commander sent a car Lord Ramsey returned to the city for him, promoted him to sergeant and gave him a discharge.

> pendence of the post-Watergate ongress, the House Democratic Caucus toppled the chairman of the Armed Services Committee, Representative F. Edward Hebert, Democrat of Louisiana, and named Mr. Price to succeed him. Ten years later it was Mr. Price

who was deposed. He was known as a strong supporter of the mili-tary establishment. Some Democrats felt that he was too hawkish to represent them.

Irene Rich, 96, an actress who played Will Rogers's nagging wife man rights monitoring group, said in several films before becoming a sunday that much of the mistreat-ment likely would continue even John' program during World War II, of heart failure on Friday in Santa Barbara California.

Towever, Americas warch, a number of some statement of the mistreat-ment likely would continue even after the general steps down.

For more than 10 months, opponents of General Novicea beau held. Santa Barbara, California.

In 1965, he outraged some conservatives when he declared that under certain circumstances, there would be Christian justice in using

In 1965, he outraged some conservatives when he declared that under certain circumstances, there would be Christian justice in using

In 1965, he outraged some conservatives when he declared that under certain circumstances, there would be Christian justice in using some conservatives when he declared that under certain circumstances, there would be Christian justice in using some conservatives when he declared that under certain circumstances, there would be Christian justice in using some conservatives when he declared that under certain circumstances, there would be Christian justice in using some conservatives when he declared that under certain circumstances, there would be Christian justice in using some conservatives when he declared that under certain circumstances, there would be Christian justice in using some conservatives when he declared that under certain circumstances, there would be Christian justice in using some conservatives when he declared that under certain circumstances, there would be Christian justice in using some conservatives when he declared that under certain circumstances, there would be Christian justice in using some conservatives when he declared that the some conservatives when he declared the some conservatives when he declare

ESCORTS & GUIDES

# Of Rights Violations In Panama, a government spokesman, Boris Moreno, said that Americas Watch "only inter-By Dennis McAuliffe Jr.

Washington Post Service
WASHINGTON — The forces

commanded by General Manuel Antonio Noriega have shot, beaten and intimidated protesters since the Panamanian military leader has come under pressure to resign, according to a human rights report. However, Americas Watch, a hu-

nents of General Noriega have held John S. Radosta, 74, who spent protests and strikes in an annual strikes fense Forces is the de facto ruler of

General Noriega's supporters, including soldiers and riot policemen, responded to the demonstrations with "a level of force which bore no relation to the threat," the

rights group's report said.
"However," it said, "the generrights violations.'

It added: "While some abuses — such as shooting, beating and jailng of demonstrators — would naturally end once the object of the protests, General Noriega, had departed from the scene, others will only be eradicated as a result of legislative reforms coupled with bold actions by a government committed to protecting human

protests, Mr. Moreno said, "This is strange, because the laws are the ■ Noriega on Retirement General Noriega said Saturday he could retire at any time but not necessarily soon, Reuters reported

viewed one sector of Panamanian

society, meaning General Norie-

ga's opponents. Commenting on the report's assertion that the mili-

tary used excessive force to stop

from Panama City.

The general told the newspaper Estrella de Panama that a timetable for his retirement was "full of "General Noriega could leave from today, tomorrow, Aug. 12, Nov. 3, Dec. 16 or Jan. 1, 1989," he

said of himself. "The calendar is

open and full of dates." took place.

Opposition sources and political observers have reported moves toward negotiations all week, and some said that General Noriega had made personal contact with opposition leaders.

"Everybody is talking to everybody but no one really knows what it means," said one observer.

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man declined to confirm that it overprescribed to women who have safer alternatives.

all women for whom Accutane is prescribed, in an effort to encourage both doctors and patients to avoid exposure to the drug during

pregnancy. The government memorandum, which was prepared by three epide-

WORLDWIDE ENTERTAINMENT

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# Icne Drug J.S. Report

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HORLDHIA

# Afghan Leader Seeks Improved U.S. Ties, **Pledging Compromise**

By David B. Ottaway

Washington Post Service KABUL Afghanistan - President Najib of Alghanistan appealed Sunday to a visiting delegation of Americans to help improve relations between his government and the United States but offered to accept a cutoff of Soviet military aid to his regime only if Washington would end its own similar assistance to Pakistan.

. In a two-hour session with the Americans at the presidential palace, Major General Najib argued for improved relations with the United States and sought to convince them that he is ready "for any kind of compromise" to bring about national reconciliation with the U.S.-backed Afghan resistance.

Among the compromises be mentioned was the return of the former king. Mohammed Zahir Shah, who he suggested could play the role of "a rallying point" for a broad-based government including the leaders of the Afghan resistance seven faction alliance.

"All the conditions are not pre-

sent and I think the Americans could play a great role," he said. "We want to live in friendship with the United States of America without losing any element of our friendship with the Soviet Union."

Robert E. White, leader of the U.S. delegation, replied at the end of General Najib's 80-minute address that there would have to be fundamental changes in his government before that was likely to take place. He said the president's party, the People's Democratic Party of Afghanistan, was only "one part" of the Afghan political equation and that there would have to be real power sharing with the Afghan resistance before there could be better U.S.-Afghan relations,

Mr. White spoke shortly after radio reports reached Kabul from Peshawar on the Afghan-Pakistan border, that Afghan resistance forces last week had forced the Afghan Army to withdraw from an important garrison at Barakot on the border with Pakistan. The garrison sits astride an infiltration route used by the guerrillas.

Asked about the reports as the U.S. delegation was leaving the palace, General Najib did not deny them but sought to play down their importance saying such losses "happen from time to time" in warfare and that Barakot was just "a professional military issue.

Mr. White told General Najib that most Americans did not accept his notion of national reconciliation that was "dictated from above" by his party.

Mr. White said: "A new begin-

tive power they command in the The session with the president was the climax of a weeklong visit ed that bureaucrats, consumers and to the Afghan capital by 12 Ameri-

aing is required. The parties must

negotiate on the basis of the rela-

Center for Development Policy, which organized the trip with the Soviet Academy of Sciences. General Najib went to great

lengths to try to convince the Americans that he was ready for In answers to written questions

submitted earlier, General Najib also said the accords signed April 14 in Geneva providing for a Soviet troop withdrawal "open the way for normalization of relations between Alghanistan and the United States of America for which the Afghan side cordially strives."

He also appealed to U.S. distaste for Iran's Islamic revolution and its religious extremists, asking the Americans what they thought "the consequences of the emergence of another Iran in the region" would

General Najib rejected the idea that the Soviet Union should end its military supplies to his regime after its withdrawal even if the United States stopped its arms to

Instead he asserted another concept of "symmetry" saying it should only be considered on a government-to-government basis



with Soviet aid to the Kabul gov.

Afghan soldiers leaning against a wan in hand on the Afghan to Pakistan.

Afghan soldiers leaning against a wan in hand on the Afghan to Pakistan.

Afghan soldiers leaning against a wan in hand on the Afghan to Pakistan.

# Gorbachev's Reforms Face Problems As Economy Sags, U.S. Study Says

By Celestine Bohlen

Washington Past Service
WASHINGTON — The Soviet economy took a sharp downward turn in 1987, signaling trouble ahead for Mikhail S. Gorbachev's ambitions reform program, according to a study by U.S. intelligence

The annual report by the Central Intelligence Agency and Defense Intelligence Agency to the congres-sional Joint Economic Committee concluded that with growth rates leveling off to almost zero, the Soviet Union has slipped back to the conditions of economic stagnation that prevailed before Mr. Gorbachev took power three years ago.

The report, released Saturday, warned that the economic slowdown, which coincides with an increase in demands on the nation's labor force, could pose political and social problems for the Soviet eadership.

"Whatever direction Gorbachev follows, we believe that if the economy continues to perform poorly in the next few years, tension within society and the leadership will increase," the report said. It predictmilitary leaders would be among the malcontents created by the Washington-based International pressures of the reforms.

mance contrasted sharply with the cording to the study, last year's optimistic picture presented in a statistics, as well as Soviet press similar study a year ago when the intelligence agencies concluded that Mr. Gorbachev's reforms were

But the 1986 spurt in economic growth, estimated at more than 4 percent, was followed by a sharp slump in 1987, according to the study. The Soviet economy last year grew by only 0.5 percent, the

showing initial success,

The Soviet leadership "had hoped that a strong economic performance last year would provide a firm foundation for the future development of Gorbachev's economic program, but this did not occur," the report said.

The reforms themselves, in particular a tough new quality control agency known as Gospryomka, are in part responsible for the disapnting results in 1987 although last year's harsh winter also played a role. Gospryomka is empowered to reject goods that fail to meet standards at 1,500 Soviet enterprises, covering about 20 percent of industrial production.

mists have argued that a slowdown bate, the reforms have yet to proin growth rates was inevitable if duce any real change in people's Soviet producers were to improve daily lives.

reports, do not suggest any tradeoff in growth for quality as yet.

Other economic reforms - new pay structures, an emphasis on decentralization, layoffs in the vast bureaucracy - also hurt performance last year by sending out conflicting signals to local managers and offering little real incentives to the workers.

"Shortages of consumer goods, reduced job security and widespread concern over potential increase in consumer prices are undercutting the prospects for improved worker productivity," the study said.

It added: "The real loser in 1987 appeared to be the consumer who now three years into Gorbachev's economic program - has seen almost no increase in his stan-

dard of living." The report's more pessimistic tone this year matches the prevailing view inside and outside the Soviet Union that Mr. Gorbachev's program is entering its most critical phase. Although a new openness in culture and the press have pro-Some Soviet and Western econo-duced a more vigorous public de-

# In India, a Showdown With Sikhs Nears

By Richard M. Weintraub

AMRITSAR, India - The conflict between Sikh militants and the Indian government over the future of Punjab State has taken more than 760 lives this year, and both sides appear to be arming politically and with new weapons for a major showdown.

Business and civic leaders in Amritsar, the site of the holiest of Sikh shrines, the Golden Temple, speak ominously of an atmosphere similar to that in the early months of 1984, when Indian Army troops finally invaded the temple grounds to root out well-armed militants.

It ultimately led to the assassina tion of Prime Minister Indira Gandhi by her Sikh bodyguards and then to retaliatory riots in New Delhi and elsewhere in which hundreds of Sikhs were killed. In the countryside around Am-

rissar, the fear of the militants, who speak uncompromisingly of their goal of an independent state called Khalistan, is forcing hundreds of villagers to seek refuge as gunmen wipe out whole families nightly.

Sometimes the victims are Hindus whom the Sikhs are trying to drive out of the area; sometimes they are Sikhs accused of collaboration with the police or of failure to support the Sikh cause.

Nishan Singh, 22, has been fleeing from the militant gunmen for more than six months, during which time be has seen his brother. father, mother and three other relatives gunned down.

It began when someone in his native village, in the countryside east of Amritsar, accused his brother-in-law, who was once with the militants, of being a police inform-er. First the brother-in-law was shot and then, on Feb. 5, gunmen came to their house while he was away and killed his mother, father and three other relatives.

Today, Nishan lives with his wife, sister and two children in the ashram of the Radha Soami sect in Beas along with more than 850 others who have fled there for their

Ram Prakash and Satya Devi fled to the ashram along with their three daughters-in-law and a half dozen grandchildren after gunmen came to Jadha village on March 3 and systematically rounded up Hindus and shot them to death. Three of those killed were the sons of the elderly couple.

Such incidents occur almost daily and have sharply pushed up the death rate in Punjab. The rate is likely to be double last year's toll of

Adding to the fears of officials and villagers is that the militants no longer come armed with old-fashioned single-shot rifles or Sten-guns. Now they brandish the standard weapon of insurgents worldwide, the AK-47, an effective semi- with explosives.

automatic weapon introduced by the Soviet Union and now also

In one recent incident, anti-ar- jab but almost all of India. mor rocket-propelled grenades were fired at a police post, indicating another major weapon in the arsenal of the militants.

Indian government officials in New Delhi and police officials in American say they have proof that Pakistan is arming the militants with their new firepower, and there are plans under consideration to try to seed the border between the two countries. Police officials in Amritsar, however, acknowledge that it will be a difficult task.

They now have rocket launchers, grenades, even medium and light machine guns," said an Am-ritsar police official, who asked not to be named. "We think that more than 1,000 new weapons have come into the country in recent weeks." "The most disturbing thing

now," he said, "is the Pakistan element. The militants would like to compromise. The government would like to compromise, but the Pakistan element does not." The official was echoing a common theme in India of blaming Pakistan whenever events seem to be getting out of control.

Pakistani officials just as consistently reject any such accusations. Inside the Golden Temple, there is little reflection of the police official's suggestion of a willingness to

Where only eight months ago roung militants moved furtively from room to room inside the large complex, today blue- and yellow-

Sri Lanka Says

Leftists Blew Up

A Major Armory

COLOMBO - Leftists dressed

in airmen's uniforms blew up an

armory during a raid on a major Sri Lankan Air Force base before sol-

diers killed seven of the attackers,

the police and government officials

Police and Defense Ministry of-

ficials said Saturday that four air-

men were killed during the raid

Friday at the Katunayake Air

Force Base, 30 kilometers (18 miles) north of Colombo.

from the outlawed Janatha Vi-

mukthi Peramuna, or People's Lib-

eration Front, which opposes the

accord signed last year by Sri Lan-

ka and India to end a rebellion by

Officials said a force of 30 to 50

leftists armed with automatic rifles,

carried off 28 Chinese-made rifles

and a light machine gun from the

armory, which they then destroyed

Tamil separatists.

Police said the attackers were

compromise. prisoned for years.

robed men openly carry automatic

The releases appear to be deweapons and display maps of Khasigned to fill a leadership vacuum istan that embrace not only Pun-

"We are not free here; we are slaves," said Malikiat Singh Aj = 13 Killed in Punjab nala, 25, who identified himself as a licutenant general of the Khalistan Commando Force, acknowledged

by all sides to be the most powerful of the militant organizations. "Our main aim now is to liquidate the Punjab police," be said, and those who in 1984 humiliated Sikhs at the Golden Temple and in

Delhi.' He said his group had been re-sponsible for the killing the day before of a politician of Prime Minister Rajiv Gandhi's Congress (I) Party in Kanpur, in Uttar Pradesh State, who is said to have been behind anti-Sikh riots there in

Defiant, uncompromising and totally willing to use the gun, Mali-kiat Singh said simply, "Our struggle will continue until we get Kha-listan."

In New Delhi, Mr. Gandhi's government suddenly seems to have reacted to the cascade of killings. making apparent concessions to Sikh militants and, at the same time, adopting tough laws to deal with unrest bordering on insurgency in Punjab.

After overthrowing the elected government of Surjit Singh Barnala, who represents more moderate Sikh opinion, and installing central government rule in Punjab the Gandhi government last month began releasing leaders of militant parties arrested under anti-terrorist aws, some of whom had been im-

among Sikhs with people the government hopes will be more amenable to compromise.

Suspected Sikh militants shot and killed 13 people in Punjab on. Sunday, prompting a new police alert, according to news reports and the police. The Associated Press reported from New Delhi.

Sunday's slayings brought the total number of people killed in violence blamed on Sikh radicals to at least 30 since Friday.

### Plane Crash in France Kills 8

LENS, France - Eight persons died and two were seriously injured Sunday when a plane carrying parachutists crashed in northern France, emergency services said. The light plane crashed while attempting to take off from Lens Air-



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France	F.F.	1,600	37	880	31	480	25
Germany*	D.M.	600	39	330	33	182	26
Gr. Britain	£	135	38	74	32	41	25
Greece	Dτ.	25,000	47	14,000	41	7,700	35
Ireland	£Iri.	155	43	85	38	47	31
Italy	Lire	400,000	39	220,000	33	121,000	26
Luxembourg	L.Fr.	11,500	37	6,300	31	3,400	25
Netherlands	FL	660	40	365	33	200	27
Norway (air) **(hd. del.)	N.Kr. N.Kr.	2,000 2,500	39 24	1,100 1,400	33 15	600 700	27 15
Portugal	Esc.	26,000	51	14,300	46	7,900	40
Spain (air) — (hd.del.)	Ptas. Ptas.	31,000 45,240	41 —	17,000 22,620	36	9,400 11,310	29
Sweden (air) —**(hd. del.)	S,Kr. Skr.	2,000 2,500	39 24	1,100 1,400	33 15	600 700	27 15
Switzerland	S.Fr.	510_	44	280	38	154	32
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# Algeria Rejects Criticism of Secret Deal The Associated Press the conditions under which the crisis was resolved, to wage a hostile statement concluded. the unaveled overland from Syria to Lebanon.

miles across the English Channel.

Daedahus 88, a human-powered ultralight aircraft, over the Aegean during its record-breaking flight from Crete to Santorini.

Greek Sets Records for Human-Powered Flight

lightweight plastics, crash-landed after en-countering headwinds as it was making its final approach to the black sands of Perissa Beach. The plane took it name from the

ancient myth of the inventor Daedalus, who was said to have flapped wings of feathers

and wax across the Aegean from Crete to the Greek mainland to escape imprisonment.

Mr. Kanellopoulos's flight, which lasted 3

• It broke the record for straight-line hu-

man-powered flight set in 1979 when Bryan

Allen pedaled the Gossamer Albatross 22.5

hours 54 minutes and averaged a speed of 18.5 miles an hour, set three records:

Compiled by Our Staff From Dispatcher
ATHENS — A Greek cycling champion addled a lightweight plane 74 miles (120)

kilometers) over the Aegean Sea between the

islands of Crete and Santorini to set a world record for human-powered flight.

But the 72-pound (33 kilogram) aircraft,

named Daedalus 88, was destroyed Saturday

after crashing in the sea just 10 yards (nine

Kanellos Kanellopoulos, 30, the Greek cycling champion for the past 14 years, was not hurt in the crash. After landing, he was flown to Athens aboard an army helicopter.

The craft, made of graphite epoxy and

meters) short of the landing area.

British criticism of the secret deal noring the difficult circumstances by which Algeria allowed the hijackers of a Kuwait Airways jet to

"This strange attitude," a mi escape unpunished.

Secretary of State George P. Shultz of the United States, Prime Minister Margaret Thatcher of and particularly by the Kuwaiti monitoring events in the aftermath Britain and other Western leaders have criticized the safe conduct given to the Shiite Moslem hijackers, who held the jet for 16 days and killed two of its Kuwaiti passengers before releasing the last 31 hostages unharmed in Algiers on Wednes-

The Algerian rotoign which saved precious human lives vate jet, landed in Damascus and dent ended.

jected on Sunday American and campaign against Algeria, while ig-

"This strange attitude," a minis-try statement said, "which differs sharply from the general satisfaction expressed around the world

against terrorism must seek to clim- tages aboard the plane held both inate not only its immediate mani- Egyptian and American citizen-

Court of Artist Section 11 (1997)

■ Hijackers' Whereabouts The Washington Post reported

from Cairo: U.S. officials believe the hijackers are still in Algeria.

The officials are known to be government, raises serious ques-tions as to its real motivation. of the hijacking in hopes of seizing an opportunity to arrest and prose-Effective international action cute the hijackers. One of the hos- had returned to their bases, be-

Algeria refuses to allow anyone quoted sources as asserting that the Hassan Izzidin, have been in Beirut ay.

The Algerian Foreign Ministry to fling discredit on an action hijackers left Algeria aboard a prisince several days before the inci-

powered flight, set by Glenn Tremml, a 27-year-old medical student from New Haven,

m a Daedalus 88 prototype called Light Ea-gle, which flew 37.2 miles around Edwards Air Force Base in California in January 1987.

· And it broke the human-powered flight

record for duration aloft, a mark of 2 hours

49 minutes that had been held by Mr. Allen. The flight was the culmination of a \$1

million joint venture by the Smithsonian Institution in Washington and the Department

of Aeronautics and Astronautics of the Mas-

sachusetts Institute of Technology in Cam-

bridge, Massachusetts,

woman in Washington said there were conflicting reports on the whereabouts of the hijackers, but added, "We have seen no indication that they have left Algeria."

U.S. officials and other diplomatic sources in the Middle East echoed that statement, saying there was no clear sign that the hijackers lieved to be in Lebanon. Two men who U.S. officials sus-

festations, but also its "deeper ship.

[estations, but also its "deeper ship.

Western press reports have ers, Emad Fayez Mughanich and Hassan Izzidin, have been in Beinut

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# Herald Eribune.

# Horror in Mozambique

Rarely does a State Department document possibility of remaining alive. There are virevoke a nightmarish Conrad novel. Alas, tually no reports of attempts to win the there is nothing fictional about a new report loyalty or even the neutrality of villagers." telling how 100,000 people have been massacred in Mozambique — mainly by Renamo, a rebel group waging a bush war against Mozambique's left-wing regime. Civilians have been shot, knifed, axed, bayoneted, burned, starved, beaten, drowned and throttled. Nearly a million have fled into exile. In neighboring Malawi, 1,000 refugees arrive daily in poor health, severely malnourished,

without belongings and often naked."
So writes Robert Gersony, who spent three months interviewing hundreds of refugees. A pattern emerges. Renamo rebels first kidnap several villagers and force them to reveal where prominent citizens live. People are murdered, homes looted, schools and clinics destroyed. Survivors are herded into "control" areas, where men are enslaved and women raped. Ears, lips, noses and limbs are sliced to teach obedience.

Mozambique's government is guilty of abuses, but the refugees interviewed hold Renamo responsible for the worst crimes. "It appears that the only reciprocity provided by Renamo for the efforts of civilians is the

Renamo was created in 1977 by Rhodekenano was created in 177 by kenano was created in 187 by kenano was created in 187 by kenano kan kenano was created in 187 by kenano kan kenan amo but promised to end aid at the time it signed a nonaggression pact with Mozambique in 1984. Despite denials, Pretoria continues to airdrop supplies to Renamo. Incredibly, the rebels of Renamo are de-

picted as "freedom fighters" by Senator Jesse Helms and a vociferous lobby that now includes Senator Bob Dole and Representative Jack Kemp. The Reagan administration has shown greater honor and sense, not least by detailing the truth in the State Department's report. It has also given Mozambique economic and humanitarian aid, and now Brit-

ain is providing military training.

Gestures like these help erode Soviet influence in southern Africa. But surely more can be said about Pretoria's complicity. Why not another report exposing South Africa's real hand in Mozambique?

- THE NEW YORK TIMES.

# **Denmark and NATO**

A fresh sign that the ground is moving support for the security pact in question. der Europe's traditional commitment to Surely New Zealand or Denmark or any under Europe's traditional commitment to the Atlantic alliance comes from Denmark, where a tendency to enjoy NATO's protections without accepting a proportionate share of the defense burden is finally being put to an electoral test. The left pushed through a resolution that has the effect of challenging NATO's policy to maintain a suitable discretion about which ships carry nuclear weapons and which do not. The minority government decided, bravely, that it was time to make Danes choose whether they want to be full members of the alliance or not. The issue is to be joined in a snap election on May 10.

All this recalls New Zealand, where the anti-nuclear movement put forth a position on nuclear notice which in the American judgment prevented the United States from discharging the security obligations it had undertaken in the pact binding the two countries. There is always an argument in these situations that it is better for those interested in continued close relations to yield to the prevailing anti-nuclear winds and wait for better days. But that is a line that encourages and rewards freeloading, which is objectionable in its own right and cannot fail to undermine American public

other sovereign state is entitled to decide whether it makes sense to continue old arrangements of collective security. But so is the United States. Unilateral abridgment of the terms is unworthy of all the parties and a formula for disintegration.

As unwelcome as developments are in

Denmark, they represent one characteristic European response to changes of continental and even global scope. The postwar scheme in which Europeans accepted or, in the East, were forced to accept the division of Europe, the confrontation of military blocs and the resultant political discipline has been yielding slowly and irregularly to a new pattern. This pattern is a long way from being defined, let alone constructed, but it is taking some of its shape from a diminished sense of the danger of hostile military attack across the East-West line and from an enlarged sense of the peril arising simply from residence in a nuclear world and membership in a nuclear alliance. The Soviet Union, under its new leadership, is increasingly quick and smart in its appreciation of this new phenomenon. Events like the current Danish crisis call the West to catch up.

— THE WASHINGTON POST.

# Reagan and His Treaty

President Reagan has hailed the INF Treaty as a historic breakthrough, but it could still happen that he will fail to get the Senate to ratify the treaty before his coming summit with Mikhail Gorbachev. This major embarrassment looms because to a dispute about which branch has the last word in interpreting treaties there has now been added a dispute about whether the INF Treaty covers futuristic weapons as well as existing nuclear-armed ones.

The new problem is this: The INF text. international law and the negotiating record make it clear that "all" medium- and shorter-range ground-launched weapons not mentioned because the focus was on getting rid of existing missiles, not on leaving room for exotic ones that do not exist. Nobody sought to carve out an exception for them in the negotiations (some other exceptions were made), and futuristic forms of the Strategic Defense Initiative are not affected by the INF language.

Nonetheless, the issue arose, as a result of the Senate's close reading of the INF text. The State Department promptly got the Soviet foreign minister to send a letter saying that futuristic weapons are indeed banned. But his letter, written hastily, left a question, and the first English translation of it, made by someone in the Soviet Embassy in Washington who was not fluent in arms control argot, contained a word that created further confusion.

By Friday things were looking up in the Senate, where Sam Nunn, the leading questioner, pronounced the problem both inadvertent and easily soluble and suggested that the administration solicit a more precise letter from Moscow confirming the nofutures understanding it says it has held all along. No amendment, which requires rene-

If something like this is done, President Reagan could turn his undivided attention to the problem that he haplessly created by earlier insisting that, in interpreting a treaty, a president is not bound by what he tells the Senate about it at the time of ratification. Mr. Reagan's readiness to back off from that insupportable position will determine whether he will have a ratified INF Treaty in hand when he goes to Moscow at the end of May.

-THE WASHINGTON POST.

### Other Comment

# **Urban India at Boiling Point**

The simple truth about managing an Indian city is, Whatever can go wrong will go wrong." In Bombay last January, a fivestory building collapsed, killing 26 people. It was more than 40 years old and desperately in need of repairs. Another 16,502 such buildings are on the verge of collapse.

In Calcutta, all government offices are supposed to open at 10 A.M., but transportation is so bad that most employees trickle in about one hour late. Decay and chaos have spread to the 3,245

cities and towns that together form the rapidly exploding phenomenon called urban India. The annual influx into cities of an estimated 5 million people fleeing rural poverty in search of employment has caused a fourfold increase in the urban population, from 56 million in 1951 to more than 230 million last year,

The endless stream of migrants pour into subhuman shacks and shanties, turning metropolises into giant slums. A third of India's urban population lives in ramshackle huts with pavements for toilets. Half of the populace is squeezed into one-room tene-ments or rows of apartment buildings. Public services are crumbling.

And the giant melting pot of cultures that the cities are is coming to a boil. The display of wealth by a few in the midst of appailing

misery is heightening tensions. Riots break out at the slightest provocation, crime spirais and youths take to drugs.

— Raj Chengappa in India Today (New Delhi), quoted by World Press Review.

### Carrot Season for Tehran

Iran isn't finished. Its attacks on Iraq through the north have proved highly effec-tive, and there is always the suspicion that its lack of resistance in the south of Iraq presages a much bigger assault on the road to Baghdad through Kurdistan. Anyone who believes that it is ready at last to sue for peace is fooling himself. But it is — and is seen to be — in the throes of internal dissension. Its oil revenues can no longer fund the cost of its war effort. Its troops are exhausted.

Now is the time that the West could try and lead Iran toward peace, by offering carrots as well as sticks. This means accepting policies which neither Britain nor the United States has yet been willing to adopt: the protection of shipping by international rather than national fleets, cooperation with the Soviet Union, acceptance of Iran's rights of compensation and justice for being the initial victim of aggression in the war. For the first time in years there is an opening for a constructive policy in the Gulf.

— Adrian Hamilton, foreign editor of the Observer (London).

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International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92200 Neuilly-sur-Seine, France, Tel.: (1) 46.37.93.00. Telex: Advertising, 613595; Circulation, 612832; Editorial, 612718; Production, 630698. Directeur de la publication: Walter N. Thayer.

Directeur de la publication: Watter N. 1 nayer.

Editor for Asia: Michael Richardson, 5 Canterbury Rd., Singapore 0511. Tel.472-7768. Tb; RS56928
Managing Dir. Asia: Makohn Glem, 50 Glouester Road, Hang Kang, Tel. 5-8610616. Telex: 61170
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S.A. au capital de 1.200.000 F. RCS Nanterre B 732021126. Commission Particire No. 61337

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# **OPINION**

# Arms Sales: China Ought to Talk It Over

BEIJING — China's sale of medium-range missiles to Saudi Arabia touched off a furor, evidently to Beijing's surprise. The official expla-nations are resentfully defensive. They run along two lines. One is, "Why should

anybody have the right to say who can sell and who can buy weapons? The United States, France, Italy, Britain and Sweden sell weapons all around the Middle East. Why should China be excluded?" The second argument, in the words of Vice Foreign Minister Qi Huai Yuan, who is responsible for Middle East affairs, is that the sale was "welcomed by Arab states" and "contributes to regional stability."

He said that critics have "ulterior motives" in

"not understanding China's policy.", The missiles, called East Wind 3 by the Chinese and CSS-2 by Americans, were produced as nuclear launchers, the first intermediate-range missiles designed and made entirely by the Chinese. Their range is 2,500 to 3,000 kilometers, a big arc. They are liquid-fueled, hard to prepare for use

and poor on accuracy. U.S. experts say that without nuclear warheads the missiles are not reliable against military targets and are virtually obsolete. The Chinese say they serve only as a deterrent for the Saudis, against possible attacks from Iran. But all the more because of their inaccuracy they are terror weapons. With heavy conventional explosives, or possibly with chemical agents, they could devastate cities. They are an escala-

tion of arms technology in a belicose, unstable region and could provide another turn in the spiraling Middle East arms race.

The Chinese argue that the range is not great-

By Flora Lewis

er than that of planes provided by the United States to Sandi Arabia and Israel. Of course,

there is no real defense against missiles, while air defenses are well developed.

Despite its principle of sovereign freedom in arms sales, China has extracted three key commitments from the Saudis: no right of resales only retaliatory use; no nuclear warheads, which China says it would never provide. But

somebody else might one day.

Chinese officials say the Saudis are "responsible and moderate," and would not break these undertakings. Still, nobody can guarantee that this will hold indefinitely, in all circumstances. So the sale provokes serious questions about how such decisions are made here and about China's political criteria.

A major element is money. The military has been put in a tight budget squeeze. It comes last in the goal of "four modernizations," yet, like the Soviet military production complex, it operates with great antonomy. Military enterprises can keep all the foreign exchange they earn; others have to remit half or more to the central govern-ment. The military has made several billion dollars on arms sales, three-quarters to Middle East

lars on arms sales, three-quarters to Middle East states, according to Western estimates.

Money is not the only point. Saudi Arabia is one of the few countries with diplomatic relations with Taiwan, not Beijing, and China would like to influence a switch. Also, China came to realize that the sale of its Silkworm

missiles and other arms to Iran upset the Arabs. It apparently thought that a better balance in its relations with Arab states could be restored by

Legalizing
Drugs Isn't,
The Way

By A. M. Rosenthal

N EW YORK — Last Monday, the day before the New York pruna-

ry, Jesse Jackson was winding up an appearance before an influential audi-

ence of 1,300 business people aca-demics, social workers and politicians, brought together by the Association for a Better New York. When it was

almost over, somebody stood up and

asked an important, plain, straightfor-ward question of the candidate who has made drugs a major political issue:

Since it is so obvious that we are not

You don't hear the idea

who ever loved a junkie.

winning the war against drugs, why

not try legalization?

Mr. Jackson's answer was just as

simple and direct as the question: You

do not win a war by surrendering.

That will not stop the debate of course. The worse the casualties in

destroyed lives, the more the gang murders, the deeper and direct the

flow of compting drug money into governments, the more often the question comes up about drug legalization.

I assume that everybody who writes about drug abuse as a national criss.

gets letters, as I do, from thoughtful

people who believe that legalization in one form or another is the right an-

swer. The supporters of legalization cross political lines left and right.

This is the gist of their argument:

Hundreds of thousands of people

are forced to break the law because

society rejects their particular narcois: of choice while accepting alcohol and tobacco. Hundreds of millions of dol-

lars spent on law enforcement are

wasted and could be used for anti-

drug education. Legalization would take the profit out of the drug trade,

eliminate the corruption and bring a fortune in taxes. It would not end drug abuse but it would allow us to deal

honestly and openly with a social dis-case — as we do with alcoholism or

tobacco addiction, which cause far

more deaths than cocame or heroin.

There is some truth in most of the

points, but when you put them all together as an argument for legalization, the whole structure collapses.

The reason is that mythology and unreality outweigh the kernels of truth.

And the underlying philosophy is not exactly civically inspiring: Look, nar-

cotics are terrible, but we are not get-

ting anywhere fighting, so why not just.

give in and make them legal?

Alcoholism and tobacco addiction

are indeed greater causes of death than heroin or coke. But the reason is that

far more people get drunk or cough

Just give us time and legalization:

pretty soon coke and heroin might kill

just as many Americans. That is a

peculiar objective, at exactly the time.

when America is finally realizing the

Fight against two drugs by legaliz-ing others? How can we continue to

addiction effectively if we suddenly

driving down prices, thus persuading pushers of the virtues of honest labor,

is a fantasy. Right now you can get all the crack you want in New York for \$3.

to \$5 a vial, a good enough price so that the hard-working mass marketers

of the poison can earn millions a week.

The government presumably would dole out or sell drugs and set standards. Pusher paradise: "The government will only sell you a couple of doses. Take them and come over to us for the rest. And look, those weak shots you have at the course."

shots you buy at the government crack

parlor, why we've got the real stuff for

the real highs, just go get the money. If

you don't get caught mugging you don't have to worry about possession,

because it's legal, man, legal."
But the real chical argument against legalization has nothing to do with law, fmances or taxes. It has to do with what

horrors of tobacco and alcoholism.

their lungs out than use "hard drugs."

defended by someone

providing missiles to the Saudis. China wants presence in the Middle East as a matter of status. Mr. Qi said that China has "no special interests in the region, but a big country should take a stand on these important questions"—a fairly candid admission that power

prestige for its own sake is important.

Although he denied it on the record, there is evidence that the Foreign Ministry was not much involved in the sale. It was initiated by the Saudi ambassador to Washington, Prince Bandar bin Sultan, who arranged it in Beijing in deepest secrecy in 1985. The United States, to its annoy-

ance, learned about it only recently.

The worrisome conclusion is that the Chinese military simply failed to consider broader political, destabilizing consequences. There is subtle evidence that in the future the Foreign Ministry

will be more seriously consulted.

That isn't good enough, given the hazards. China has reached a capacity to tip the balance in dangerous areas. Since it is determined to be considered a major power, it must be drawn into international consultations on responsibilities and results of arms escalation in dangerous regions.

Mr. Qi forcefully rejected that idea on grounds
of unlimited national sovereignty. But China's

interests would also be touched if conflict spread. It wants to enter the world economy and world politics. It must accept that the role it seeks to play affects the partners it needs, and take account.

The New York Times.

# West Bank: Israelis Are Determined to Keep It

By Yisrael Medad

J ERUSALEM — What do 70,000 Jewish residents of Judaea, Samaria and Gaza, 135,000 Jewish residents of East Jerusalem and the vast majority of Israel's population all agree on? That the "green line," the border between Israel and those areas of the former mandate of Palestine administered by Arab governments from 1948 to 1967, no longer exists. This is not a position that divides

West Bank: Palestinians

Will Build a Democracy

By Ibrahim Abu-Lughod

E VANSTON, Ilinois — Under a the Palestine Liberation Organization, was first acknowledged by the will be democratic and secular, Palestinian Arabs and Israeli Jews will be 1974 and has subsequently been af-

The West must accept a Palestinian state as inevitable. After all, the ian Arabs have created institutions

Palestinian Arabs' struggle for inde- that organize and mobilize a dis-

pendence and sovereignty is historic. persed population, nourish their

Now in its seventh decade, it pre-identity and promote the achieve-

Liberation Organization. Neither the British denial of Palestinian Arabs' for example, the Palestine Red Cres-

self-determination between 1917 and cent Society (a kind of Red Cross) 1948 nor Israel's savage repression, and Samed Enterprises (a network expulsions and attempted decapitation of small industries) — they offer a

tion of the movement have weakened vision of a Palestine shared with

Why can other countries, especial-cise mode of sharing will be freely

maintaining their national consen- which each Palestinian, separately

sus and sustaining their national, or organized, voluntarily partici-

regional and international activities pates in the political process. Orgaby a system of democratic politics.

in the hands of others, the Palestinian neer, etc. — and in openly political arabs in the 1960s began forging the national consensus which today un-

derlies their political action.

They insist on their right to a territorial and cultural identity.

That right to independent statehood territorial council.

tine), Palestinian Arabs designate representatives to their principal naterritorial and cultural identity.

tine) palestinian Arabs designate representatives to their principal naterritorial and cultural identity.

and its implementation by all legiti-mate means — state and individual

The council is the equivalent of the U.S. Congress. Its 428 members,

terrorism are illegitimate - is inter- drawn from all corners of the world,

As a community whose destiny was teacher, student, writer, artist, engi-

bonded in a political order not yet firmed almost universally.

cedes the existence of the Palestine ment of their political progr

ly Israel, expect a democratically run decided by both peoples.

the two major political camps in Isra-el, Likud and Labor, but a shared goal of both. The pivotal question in the great debate in Israel is how far to the east the "green line" will be redrawn. Most observers would agree that had the Arab states finalized the armistice agreements of early 1949 as peace treaties, an international boundary would then have come into existence. The existence of such a boundary was Egypt's major advantage when it engaged in negotiations with Israel over the Sinai in 1978.

experienced in the Middle East.

the urgency of that drive.

derlies their political action.

nationally sanctioned.

state? Let me explain.
Palestinians have succeeded in

has been the policy of all Israel's post-1948 governments that the areas of Judaea, Samaria and Gaza are not foreign sovereign territory. The war begun on the morrow of the 1947 United Nations Partition Plan caused that plan to become a dead letter. Therefore, Israel's presence in the areas since 1967, resulting from an act of defense against an aggressive war, is not with the status of an occupier.

The perception of many Israelis is that Arab hostility to the Jewish state has little if anything to do with the nonfulfillment of a presumed right of self-determination for a "Palesti people. Israel possessed no "territories" before the 1967 war, yet there was no peace. The view of most Israelis is that the enemy does not accept within any territorial dimension be-

In the struggle to translate their

Israel's Jewish community. The pre-

They practice consensual politics

unique in the Arab region - in

What should be recalled is that it tween the sea and the Jordan River. In a region thought of as purely Arab and rapidly becoming rede-fined as Islamic, Israel, the geopolitical expression of Jewish nationalism, is seen to be unnatural. Any attempt to repartition the area would not satisfy the Arab world. It would jeopardize Israel's security to the extent that its future survival would be at stake. As for the formula of "territories

for peace," no one would ask what areas King Hussein of Jordan is prepared to yield on behalf of peace. In view of the fate of the late President Anwar Sadat of Egypt, King Hussein Its security demands that the bound-cannot accept anything less than Israel's total withdrawal. On the other hand, a significant element in the orientation of Israel's

nationalist, or nonconcessionist, camp

dered. Any withdrawal from the home-land is a retreat from the principles of Zionism. Once a momentum of reversal is initiated it becomes a rejection of the ideological base for the state of Israel. Not only was Zionism intended to socially redeem the Jewish people, to forever alter their diaspora existence, it was also meant to assure their continued survival and to liberate the Land of Israel from foreign rule. Faced with an implacable and irra-

tional enmity, Israel is determined to uproot terror and put down the recent uprising, a modern version of the pre-state riots of 1929 and 1936-1939.

The writer, a resident of Shiloh in Samaria, is an aide to the Tehiya (Zionist Revival Movement) faction in the is the belief that portious of Eretz. Knesset. He contributed this comment Yisrael, the traditional and historic to the International Herald Tribune.







political assembly in the Arab region and the most deliberative in its open, hugely attended annual ses-sions. Not a single decision relating to the Palestinian Arab people can be adopted by any group or groups

secretly: none can be imposed. The two million Palestinians who have endured Israel's military occupation since 1967 are fully conscious of the significance of post-World War II decolonization. For more than four months, those on the West Bank and in Gaza have been engaged in an uprising unprecedented in its militancy among the Palestinian Arabs to end their colonized sta-

tus and achieve sovereignty. Consider the Palestinian Arabs' transformation in the 40 years since Israel has emerged on portions of their national homeland. They were a mainly rural people, with a modest literacy rate, who were incompetently led and out-organized and out-discirepresent all social, political and plined by a determined adversary

munity gave it enormous moral, political and material leverage.

ally accomplished as the best Arab achieving nations.

The new state will have the hercu-

lution of the entire region.

It is futile to deny the Palestinian Arabs their independence - and to try to frustrate an emerging demo-cratic order for all Middle Eastern peoples and states.

The writer, a member of the Palestine National Council, is a professor of political science and chairman of the political science department at North-Their right to representation by economic strata of Palestinian Arab whose moral claim on the world and western University. He contributed this their freely designated representative, society. It is the most representative position in the international com-

# BRITISH

say that other drugs — even more dangerous — should also be made available? If you find your children Today, despite exile, statelessness and subjugation, Palestinians are as drinking or smoking, you may have time to argue or frighten them out of cohesive and socially and educationit. Crack children get lost very, very fast, in worlds of the damaged mind community in the Middle East, and they compare favorably with other where parents cannot follow. The idea that legalization would take the profit out of drug crime by

lean tasks of reintegrating the dispersed Palestinian Arabs and transforming the conflict with Israel into peaceful and equal coexistence, while also contributing to the peaceful evo-

# Dukakis vs. Bush: Toward a Foreign Policy Debate

WASHINGTON — The victory of Michael Dukakis in the New York Democratic primary sets up a foreign policy debate.

results hold, will be the Massachusetts governor, who for all his uprightness and managerial manner is vulnerable to the double charge of being new and not fully attentive to national security issues and of repre-senting the left (although not the extreme left) of a party whose right is in the center of the broader scheme of things. No doubt Mr. Dukakis is learning, but he still conveys a sense that it is faintly improper for his presidential fitness to be judged by his marks in foreign policy. In the other corner will be Vice

President George Bush, who is nothing if not seasoned and who repre-sents the mainstream of a party whose sitting leader has in important respects quietly repudiated his par-ty's hard right. But Mr. Bush is nagged by continuing questions about his involvement in the Iran-contra affair, questions that could sharpen as the campaign goes along.
Strictly from the viewpoint of lively

debate, one can regret the second-place showing of Jesse Jackson in New York. It leaves him with a voice in the party, but it presumably diminishes his opportunity to inject his policy line into the larger campaign.

By Stephen S. Rosenfeld

him the central moral as well as politimodate more conservative Demopra foreign policy debate.

cal stage on which foreign policy is
In one corner, if the New York
In one corner is the New York
In tions, challenging head-on the "Rea-gan doctrine" (to which the president has never put his own name) of support for anti-Communist insurgencies. Still, Mr. Dukakis verges close enough to the Jackson Third World

> Take note of Reagan's mix of resolution and reasonableness.

emphasis (Israel aside) to make a Bush-Dukakis confrontation on these issues likely. Mr. Dukakis objected to the Grenada intervention, opposed contra aid and has had difficulty saying whether he thinks a Soviet-aligned Nicaragua would be a threat. He tends to show the liberal Democrats' distinguishing reluctance to condone the use

of force to support diplomacy.
In New York, Mr. Dukakis was perhaps tagged left a bit to meet the competition of the hard-charging Mr. Jackson. Now he comes under pressure to comfort the wider swath of centrist Democrats whose support is

learning and maneuver. It may count for more that Mr. Dukakis and many other Democrats really want to win.
Politics aside, the claims of sound
policy compel him to go more deeply

into strategic and political issues touching the Soviet Union — and not simply to complain, unpersuasively, that Ronald Reagan has failed to push arms control strongly enough. The "new" issues — drugs, economic security — are important, but the "old" issues of nuclear security and balance of power have not lost their relevance. His dismissal of Mr. Reagan's ear-ly hard line as a factor drawing the

Kremlin into readiness for negotia-tions (Mr. Dukakis credits Mikhail Gorbachev's enlightenment) suggests that he is overlooking a fundamental point about why nations behave as they do. His treatment of the "arms race" as an objective force divorced from Soviet policy and power helps explain his distaste for nuclear weapons but leads him to some dubious weapons decisions — for instance, opposing Midgetman and the D-5, good second-strike missiles

To most people, the world is not the His line essentially skips past the high-policy Soviet-American issues that usually dominate political proceedings and settles on the part of the world—the Third World—that is to dominate political proceedings and settles on the part of the world—the Third World—that is to downward this may permit him to accom-

policy. In the Third World such a policy would remedy Mr. Reagan's perceived shortcomings, and in deal-ings with the Kremlin it would borrow from the mix of resolution and reasonableness that has brought the United States to what even Democrats now accept as a potentially hopeful pass. The Washington Post.

we want for ourselves and our children. offer a full-service national security

It is insensitive almost to vulgarity to argue for legalization of drugs that can rapidly damage or destroy self-respect, values, the very minds of human beings - those other human beings. I have received many letters arguing for legalization, but none from a person who ever loved a junkie and not one from the parent of a crack child.

The New York Times.

### 100, 75 AND 50 YEARS AGO 1888: A Way for France

PARIS - The Comte de Paris will issue another manifesto today [April 25], an advance copy of which has been communicated to the Herald. "Radicalism in power threatens to complete the disorganization of the country. The late striking manifestations of Universal Suffrage are the cry of France, weary of this régime and aspiring for deliverance. The movement is the natural and logical result of the violence and the scan-dals which have revolted the public mind, and the abuse of a Parliamentary system in the hands of a despotic party. Nothing is more just than to claim, together with the dissolution of a discredited Chamber, the reform of a Constitution which no longer leaves the Nation the right of dispos-ing freely of its destinies."

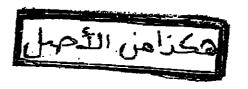
1913: Strike Is Ended RRUSSELS - The Socialist Con-

[on April 24] the end of the general strike for manhood suffrage.
PARIS—[Regarding the strike, the Herald says:] The one in Belgium has come to an end not because the objects for which it jects for which it was organized have been obtained. It has fizzled out because the strikers were not disposed to commit suicide by starvation.

1938: Sudeten Demands

KARLSBAD — Sweeping demands on the Czechoslovak government were made today [April 24] by Konrad Henlein, Führer of the Sudeten German party, in a speech here at the first party congress. He advanced certain points on the treatment of the German minority in Czechoslovakia that would make Sudetens a state within a state. He demanded the full equality of Germans with Czechs, recognition of the German-settled districts of Czechoslovakia as such, German selfgovernment in these districts, and protection for Germans living in Czechogress at the Maison du Peuple voted slovakia outside these districts.

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mor ir. legalization? Mr. Jackson's among Mr. simple and direct as the que do not win a war by sugar That will not stop to the course. The worse the course destroyed lives, the nor to murders, the deeper and the course of corrunting done. flow of corrupting day and governments, the more dist tion comes up about drag the I assume that everyboth about drug abuse as a name gets letters at I do, from the people who believe that letter cone form or another is the sweet. The supporters of letters pointed lines let and it.

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Thus is the gist of their and Hundreds of thousands de are forced to break the land society research their barrows of choice while accepting and lars speni on law enforces waster and could be used to drug schemien legition; take the profit out of the day characters the corruption make fortune in taxes. It would note abuse but it would also be. Personal and observe approximate case — 23 ne do nih ababi tobacco addiction which to

There delies than comments There is some truth in and design when the stands rate of the state of the som the whole structure of really delivered the books. The the underlying philosophic CLASS COLLAND DEPOSE IN क्षा का अंतर के जिल्लाको होता होता है। こうでいるといい いないコログ 砂棒ス द्राप्तर का कार्य कार्य के के किया है जा है जा किया है All in the section with art in area grader aussol使 Berick in or he. But the reserv fair maine permie get dimit er ther . In Lower than we had t process som dere grådere et and the second s >- -- -- 3: -TEME wien America indicate The state of the party of the p

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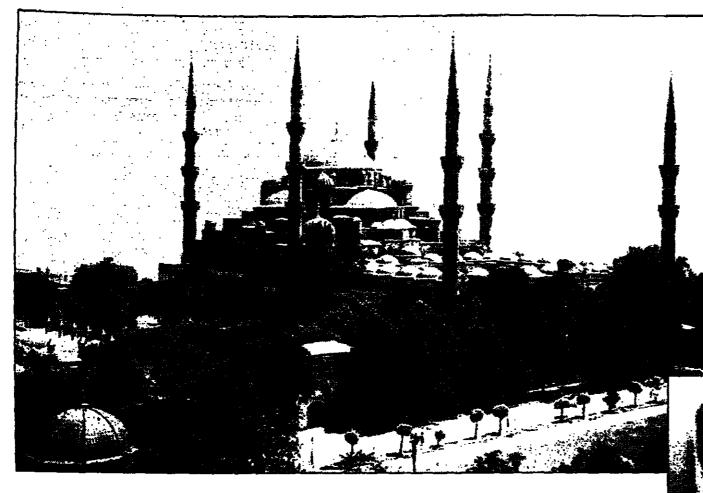
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BULGARIA U.S.S.R TURKEY JRAQ MEDITERRANEAN KEY ☐ FREE TRADE ZONES TOURIST DESTINATIONS

Turkey is pressing ahead with its application for full membership in the European Community. It does so with a confidence built on the foundations of a dynamic restructuring of the country's economy by Prime Minister Turgut Özal's government and the enthusiastic backing of a revitalized private sector.

TURKEY, with a land area three times the size of West Germany and the United Kingdom combined and a population of more than 50 million, is an important bridge between two continents. Bounded by the Black Sea to the north, the Aegean to the west and the Mediterranean to the south, Turkey has been a natural trading route between Europe and Asia for 2,000 years.

The Turkish government's 1987 application for full membership in the European Economic Community was the logical outcome of the country's history and geography. Half of Turkey's land borders are with European states: the Soviet Union in the north and east and Bulgaria and Greece in the northwest. To the south lie Iraq and Syria, and to the east Iran. Part of Europe or part of the Middle East? The question can be confusing to outsiders as well as to Turks.

Atarurk (the founder of modern Turkey) offered the most succinct answer when he said: "For centuries the Turks have walked from the East in the direction of the West." Today's Turkey is even more Western in outlook by virtue of its large-scale economic restructuring, the most dynamic event for the country since the foundation of the republic 65 years ago.

The modernization and liberalization of Turkey's economy is screngthening the country's private sector, which in turn is stimulating relations with industrialized countries. Turkey views its quest to join the EC as a step on the way to becoming a comparable industrial and trading power in the first half of the next century. In the medium term, full membership will bring such benefits as foreign investment, increased aid assistance and, most importantly, an end to barriers on textiles, Turkey's main export.

Turks feel justifiable irritation with those who would dismiss its application to the EC in view of Turkey's major military commitment to NATO, of which it has been a member since 1952. "Turkey cannot just be regarded as the Eastern wing of European defense," commented Omer Dinckok, chairman of the Turkish Industrialists and Businessmen's Association and head of Akkok, a leading group of companies with 9,300 employees. "Too often people tend to identify differences between Turkey and Europe. It is the wrong approach and could be applied to existing EC members. So many new things have started here. A giant step forward has been changing the status quo mentally and physically.

Once mainly agricultural, three-quarters of Turkey's export sales today are industrial products, ranging from textiles, chemicals, fertilizers and vehicles to consumer durables and processed foods.

Despite post-election inflationary pressures, the longterm outlook remains good. The gross national product grew 5.2 percent in 1985, 8 percent in 1986 and 7.4 percent in 1987 — higher than the original government target of 6

In the future the government expects to achieve an export-led growth of 7 percent a year. In 1988 exports are

expected to rise to \$12.3 billion, a 22 percent increase over the previous year, while imports are forecast to remain stable at \$14 billion. By 1992 exports are expected to have climbed to \$20 billion a year.

Far left;

Istanbul's

17th-century

Blue Mosque

one of count-

less sites that

draw foreigners

Minister Turgut

whose leadership

modernized its

continue to

to Turkey.

Left: Prime

Ozal, under

Turkeỳ has

есопошу.

Substantial infrastructural development is expected to continue for several years, providing new highways, additional port capacity, telecommunications, energy programs and a natural-gas pipeline network.

The high level of development is enabling Turkey's civil engineering firms to sharpen their skills. The highly successful GAMA firm, for example, set up its own systems design office for power-plant engineering. Such moves are in keeping with government moves to promote all types of industrial research.

According to Minister of State Adnan Khaveci: "Turkey is at a stage where it needs to carry out indigenous research and develop new products and increase their marketability. Textiles, machinery, chemistry, furniture - things have to

be original." The new Turkey is also encouraging entrepreneurs like

the ebullient Asil Nadir of Polly Peck International. This controversial but consistently profitable group often acts as a leader into new markets. Polly Peck's recent signing of a franchise agreement with Pepsico Corp. to set up a fastfood restaurant chain in Turkey is an indication not only of (Sultan Ahmet, Ottoman period), increasing tourism but also of Western consumer trends developing in Turkish society.

Probably the biggest shakeup occurring in the Turkish economy is the privatization program, a major plank of the government's reform policies. Prime Minister Özal has said: "This program will change the economic and social landscape of Turkey, and will help us attain the levels of the advanced Western countries in the real sense of the word."

A more energetic capital market is also expected to boost the economy by encouraging competition and forcing industry to produce more market-oriented products, while income from shares will be recycled into new investment.

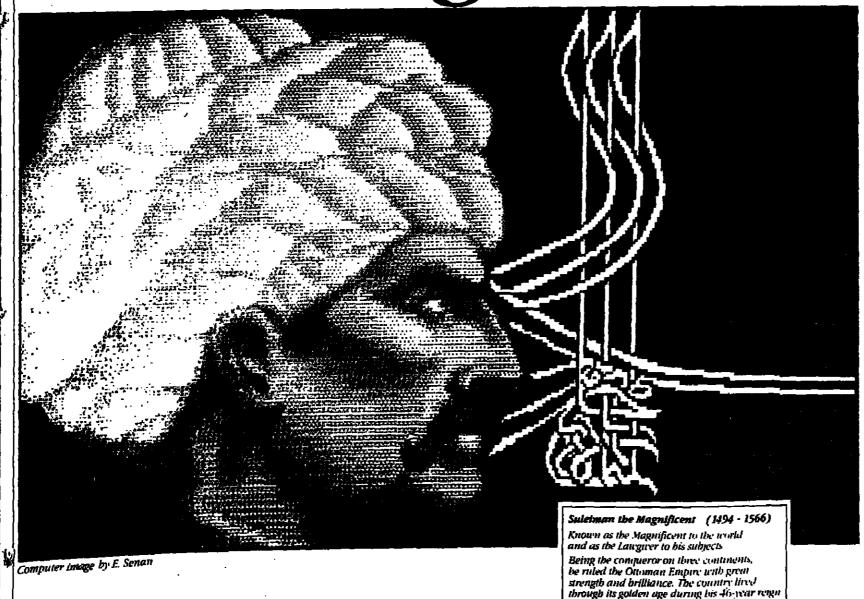
"We are a nation of capitalists, but passive ones. We want to mobilize savings," comments Cengis Israfil, advisor to the prime minister on the privatization program. Israfil, a former Morgan Guaranty vice president, returned to Turkey in 1986 and regards the recent sale of government shares in telecommunications producer Teletas as a milestone in the financial area.

The issue was six times oversubscribed in a tight market and an atmosphere of high interest rates. The basics of such an issue - independent auditing by international accountants, a detailed prospectus, a 13-page underwriting agreement — are normal in more mature markets like London's but were a breakthrough in Turkey. They augur well for further planned sales of government shares later this year in cement plants, the Turkish Airlines subsidiary USAS and Tourism Bank's hotel interests.

Turkey is on the move. Its sights are set firmly on the EC. Perseverance and patience are what the country needs for the application to succeed. No problem seems insoluble, even the thorny question of relations with Greece. The summit meeting at Davos in January between the Turkish and Greek prime ministers has done much to improve a smoldering feeling of distrust between the two countries, and created a basis for regular contacts at all levels.

- Anthony Richard

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# Record Export Sales Ease Current Account Deficit

"N its first four years, the government of Prime Minister Turgut Ozal undertook farreaching liberal reforms of an economic order that had been more akin to those of Central Europe than those in the West. Much still remains of the closed, pre-1980s regime, but with a strong majority won in the November 1987 general elections, Mr. Ozal is poised to forge ahead with renewed vigor in his planned transformation of the economy.

However, no one in government, industry or finance pretends that 1988 is going to be an easy year, as the government grapples with a hangover from relaxed economic controls during 1987. On the other hand, most bankers and businessmen are confident that Mr. Ozal and his team of technocratic advisers can cope, and that the difficulties will ease in 1989. This confidence is grounded in steadily improving trade figures, and the firm measures taken in February to bring the economy back on course. During the run-up to the elections, overspending, excessive domestic borrowing and a widening budget deficit led to economic overheating and a soaring year-end inflation rate of around 65 percent.

By the end of January, monetarists and those urging restraint in higher economic-planning councils had won out over expansionists calling for sustained high growth rates. The government's new mood of austerity is summed up in a cautious 5 percent growth target this year, compared with the 6.8 percent in 1987 and 8 percent in 1986. It intends to halve inflation to around 33 percent.

But the government's confidence remains high in the continued remarkable growth in exports and twoway trade volume since fundamental economic reforms in 1980 launched Turkey on an outward-oriented path. Export sales reached record highs in 1987, in the autumn surpassing \$1 billion a month for the first time. As a result, the current account deficit for the year was well below \$1 billion, compared with \$1.6 billion in 1986, largely the result of decreased business with the Middle East.

Exporters adapted quickly to the changing markets, and switched their efforts instead to the expansion and penetration of markets in Europe and North America. The Middle East was a training ground for these more sophisticated arenas, say traders - reflected in the fact that exports to OECD countries in 1987 rose by 50 percent to total \$6.443 billion. Over the same period, sales to the Middle East also recovered to register a 22.7 per-

To ensure the foreignexchange revenues needed during an exceptionally heavy year for external-debt servicing, the government is aiming for export-led growth this year, rather than the explosion in domestic demand in 1986 and 1987 which fueled inflationary tendencies. External debt increased to around \$37 billion in 1987; in 1988, foreign-debt servicing in interest and principal payments will total upwards of \$6.5 billion, a heavy yoke for a developing country to shoulder. By dampening domestic demand, the govemment hopes to force companies to export more.

Exports have been targeted to rise by 23 percent this year to a record total of \$12.3 billion, with imports remaining roughly constant at around \$14 billion. The current account deficit which worked out at around \$985 million in 1987 - will fall further in the face of larger foreign interest payments from a low of \$1.6 billion in 1986 to around \$828 million this year, officials predict. In-

The government hopes to control growth and sharply curb inflation.

cent increase. However, these increases have stirred up protectionism in other OECD markets, which have introduced quotas, particularly for textile goods. If quotas were not in force in the United States and Canada, for example, textile firms say they could sell twice as much with little difficulty; they have already learned to live with restrictions in the European Community.

creased receipts from tourism — now fully recovered after a slump in 1986 - and workers' remittances will belp to bring the deficit

Just how much of a millstone external payments have become is amply illustrated by the fact that transfers account for more than half of the TL 20.84 trillion (\$17.138 billion) total budgeted in 1988. By comparison, spending on invest-

ment in the budget totals TL 3.46 trillion. The government has firmly stated that few new large infrastructure projects will be initiated in 1988, and that it will concentrate on finishing schemes already underway. The carryover from 1987 is sizable: project credits, despite the cutbacks, are expected to keep pace with inflation at a total of TL 640 billion this year compared with TL 335 billion in 1987.

The government will look more favorably on "build-operate-transfer" (BOT) projects, which the-oretically do not affect the government's debt balance sheet because private-sector concessions raise their own construction financing. BOT has been proposed for schemes as diverse as the Third Bosporus Bridge, large thermal power stations and free trade zones.

Rather than embarking on fresh infrastructure construction programs, over the next two years the govcriment will probably concentrate on structural reforms such as denationalization of the state economic enterprise sector, in an effort to increase efficiency and improve management techniques. The government's first privatization exercise, in February, the selling of shares in the telecommunications manufacturer Teletas, went sufficiently well to encourage more substantial issues in the late spring and early Summer.

During the next two years the government will probably still have to face periodic short-term crises, like the run on the lira in the unregulated tahtakale foreign-exchange markets in late January and February. In the medium term, however, international

agencies like the World Bank and the IMF are confident Turkey can weather its temporary difficulties, as long as the government adheres to its present policies. Indeed, Turkey is held up as a model of financial rectitude in a developing world where reschedulings and virtual defaults are all too common.

According to projections, the pressure of debts rescheduled in the late 1970s and early 1980s will ease slightly, giving the

government much-needed breathing space. In the 1990s, with the expected sharp falls in external dues, the economy could take off toward Mr. Özal's dream of Turkey being a powerful international trading and industrial nation, after the Japanese and South Korean models, in the first half of the next century.

Long before then, the official hope is that Turkey will have become a fullfledged member of the EC, with all the benefits of free trade, European investment in Turkish commerce, industry and agriculture, and last but not least -Community aid to some of Turkey's less developed regions. Turkey's full EC application met with a less than enthusiastic reception in most European capitals last year, but relations between Ankara and Brussels have nonetheless come a

As the mechanics of

long way since the period

following the 1980 military

Turkey's EC association agreement are overhauled, the prospects of entry in the next decade seem more promising. The biggest obstacle to full membership hostile relations with Greece — has already been removed in large part, thanks to the breakthrough at the Davos international forum in January: the venue of a mini-summit between Mr. Özal and his-Greek counterpart, Mr. Andreas Papandreou.

— John Lester

# Investors Attracted by Incentives

NTIL January 1980, when Turgut Özal, then a top civil servant and today the country's prime minister, launched a drive for foreign investment, Turkey was not seen as a major investment opportunity for foreign investors. This has changed in the 1980s.

We get one or two new faces showing up in the foreign business community here each month. The foreign investment presence is growing steadily, even if it does not match up to the predictions sometimes made for it," says a Western diplomar in Istan-

The inflow of foreign direct investment to Turkey was \$125 million in 1986 and around \$115 million in 1987. That isn't to say that only a few firms are willing to put money into Turkey, only that foreign investors tend to be small.

The major multinationals set up in Turkey mainly in the 1950s and 1960s. The typical investor of the 1980s has been small, perhaps making the minimum

investment allowed of \$50,000 for a small trading operation out of Istanbul.

But there have been some big fish, too. Last autumn the National Can Corporation opened a plant at Manisa near Izmir. Johnson & Johnson set up in Istanbul three years ago. The biggest-ever investment in Turkey was made in the 1980s — the \$4.1. billion deal between the General Dynamics Corporation and the Turkish air

What Turkey needs," says the foreign diplomat, "are several more deals of that sort of scale. They would show the international community that Turkey is going places."

In order to encourage foreign businessmen to make this sort of commitment, the Ozal government has pressed hard for foreign consortia to adopt its "build-operate-transfer" model for large energy and infrastructure projects. The idea is simple. Instead of relying on traditional project finance, a consortium of foreign investors form a joint venture with a Turkish agency, and build and operate a power plant, road or airport until they have got an agreed-upon return

on their money. Most foreign businessmen already in the country agree that it offers superb opportunities for foreign investment. These include a lively local market of 55 million people, a good basic infrastructure, casy access to both European and Middle Eastern export markets and, above all, a cheap but relatively skilled labor

The drawbacks? Most businessmen in Istanbul would agree that infrastructure, such as transport and telecommunications, has gotten a lot better, but there is still room for improvement. Most, however, would cite bureaucracy as a It is a problem that

Prime Minister Turgut Özal has been steadily chipping away at during the 1980s. To that end he set up the Foreign Investment Department, currently headed by Dr. Ibrahim Cakir, a section of the Scare Planning Organization. It approves most foreign investment applications and acts as a "one stop" agency. that enables foreign companics wanting to set up in Turkey to consolidate most of their legal and administrative formalities.

Mr. Özal has also been the moving spirit behind Yased, an association of foreign companies that actively lobbies the government

on the needs of the foreign investor.

Once upon a time, foreigners believed that it was usually wisest to come into Turkey on a joint venture. Not anymore. The government no longer insists, as it did 10 years ago, on a large local stake in a joint venture. It also welcomes 100percent-owned foreign inesmient.

"Our advice nowadays is for companies to come in by themselves and to hire good local people for themseives," says the Istanbul manager of one foreign bank. "That seems to make for a better working environment all around, and the days when it was resented by the local people are now

To attract foreign investors, the government offers substantial rax breaks for plants located outside the Istanbul/Marmara region and other developed areas. Exporters can expect partieular encouragement.

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Mr. Ozal's second election victory last November is seen by many businessmen as a sign that Turkey is now a strong long-term investment opportunity. "I believe the election results were a green light for lots of previously undecided investors," says the Istanbul diplomat. "We can expect to see the foreign investment presence in Turkey steadily broadening in the years ahead. And I can tell you that those w the plunge will be pleased with what they find here."

— Thomas Faulkner

# ERFORMANCE

ASSETS	Balance sheet as at 31.12.1986 US \$	Balance sheet as at 31.12.1987 US S	Increase %
Cash and due from banks	. 879.953.698		-
Reserve requirements	275.599.947	875.719.190 284.668.832	
Treasury Bonds	217.905.808	499.851.295	
Loans	910.247.387	830.507.615	•
Participations	89.744.675	78.648.163	
Premises and equipment	66.873.925	79.018.884	•
Other assets	<u>_303.079.772</u>	445.870.728	
Total assets	2.743.405.212	3.094.284.707	12.8
LIABILITIES	<del></del>		
Deposits	2.142.329.673	1 252 200 001	•
Central Bank	9.831.988	2.352.298.091	٠.
Other liabilities	332.780.791	533.3 <del>49</del> <u>369.119.583</u>	- '
Total liabilities	2.484.942.452		• . •
TOCKHOLDERS' EQUITY	2.35.712.712	<u>2.721.951.023</u>	9.5
Capital *	66 146 216		
Reserves	66.146.316	117.837.679	
rolit (after taxes)	93.214.711 90.101.722	89.648.925	
•	99.101.733	<u>164.847.080</u>	•
otal stockholders' equity	<u>258.462.760</u>	372.333.684	44.1
Total liabilities and		<del></del>	
tockholders' equity	2.743.405.212	3.094.284.707	12.8
Converted at TL 1018.35 = US \$ 1)	<del></del>	<del></del>	12.0
Capital has been increased to	n INS 245 5 million as of M		

The overall performance of Akbank through the years has proved its reliability and capability in banking. During these profitable years Akbank has built up a large capital base, as its policy has always been to increase its equity. Recently Akbank doubled its capital from TL 120.000.000.000 (US \$ 117.8 million) to TL 250.000.000.000 (US \$ 245.5 million).

Thus Akbank has progressed in Euromoney's listings of the major 500 banks for many years and is the first Turkish bank to rank among the top 7 world banks by return on equity and assets. As to Akbank's banking services and activities, it is once more ranked as a leader, owning the only Turkish financial subsidiary abroad - Ak International Bank Limited in London. Furthermore, Akbank has set new standards for banking in Turkey through a new bank founded in co-operation with Banque Nationale de Paris-BNP-AK Bankası, bringing international finance and banking techniques into the country.

Akbank has a large branch network in Turkey and its representatives are established in the world banking centres since Akbank's major consideration has always been to offer the best service. With its solid standing and financial strength Akbank is the bank to call on. It can make a distinguished contribution to your business, as you would expect from a distinguished bank.

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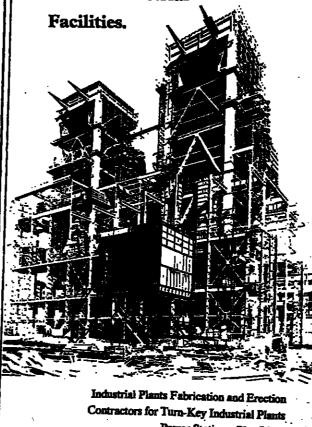
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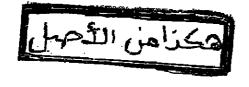
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- Cheap labour

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لمكذا عن ألاصل

on the needs of the long

Once upon 2 time la eigners believed that it is usually wisest to concin Turkey on 2 joint want Most surmore. The Board did 10 years ago, on a laglocal stake in a joint to ruce. It also welcomes in percent-owned foreign is resement

"Our advice nowadays, for companies to come by themselves and to be good local people for the selves," says the lamb manager of one long bank "That seems to me for a better working on ronment all around and it days when it was resum by the local people are an

To attract foreign into tors, the government of substantial tax breaks for plants located outside the Istanbul Marmara reju and other developed area Exporters can expendence

une encouragement Mr. Ozal s second da tion victors last November is seen by many business men as a sign that Turbs is now a strong long-rm tevestment opportunit. I believe the election resis were a green light for his or promousir undecidale. vestors," says the lamb diplomat. We can com to see the foreign into ment presence in Tob scendily broadening in the years abead And I cand you that those who do take the plunge will be plessi with what they find her." - Thomas Fankon

# Banking: New Players and New Products

revolution is under Mr. Semiler has united way in Turkey's fithe two banks into the Turnancial system. kiye Emlak Bankasi, known New players are moving as the Konutbank The into the marketplace and process of restructuring financial products unmay take several years, but known 10 years ago are out of it a new and much now being routinely traded. more competitive bank is expected to emerge, capa-

The most important development in the last year has been the appointment of a former IMF economist, Dr. Rusdu Saracoglu, as the governor of the Central Bank. Dr. Saracoglu is recognizably a man of the 1980s. He wears Brooks Brothers shirts and speaks English with an American accent, the result of long years teaching and working in the United States.

When Dr. Saracoglu talks, it is about things previously unheard of in Turkey. He wants to see a balanced budget, lower GNP growth at least until inflation is checked and tight control over the money supply. His misfortune is that he took office last summer on the eve of a general election, and business and banking in Turkey this year are dominated by post-elec-

tion belt-tightening. Dr. Saracoglu is not the only new face in Turkish banking. Turgut Özal's general election victory was the signal for a major turnout in the country's powerful but previously highly conservative state banks. Bulent Semiler, 32, who had been running the Anadolu Bankasi since August 1986, was allowed to take over the Turkiye Emlak Kredi Bankasi, the country's third largest bank.

एक कि कुल<u>क</u>्तीसँग स्टब्स्क स्वर्थ हो।

from the bank with lew questions being asked.

Mr. Ulusoy - and through him, Prime Minister Ozal - is trying to eradicate those inefficiencies and suspect practices in the state banking system that probably cost the country several percent of its gross national product every year and fuel infla-

A shakeout in the two major state banks would, it is argued, generate significant financial resources for the economy as a whole, freeing them to contribute to the growth of an internationally competitive econo-

At present the lively parts of the economy are in the private sector in Istanbul, where there are three sorts of player on the market. The first is represented by Akbank, a large private sector bank owned by the Sabanci group and run on

### Former IMF economist to head Central Bank.

Turkey's biggest bank by far with around 45 percent of total deposits of the national banking system. Traditionally, the bank has played a national role far beyond its original function of supplying credit to farm-

ble of competing with the

the prime minister appoint-

ed Coskun Ulusoy, 34, as

the chairman and general

manager of the Turkiye

Ziraat Bankasi. Ziraat is

At about the same time,

private sector banks.

Mr. Ulusoy, a U.S.trained banker who had been the Istanbul represenrative of the British merchant bank Morgan Grenfell until summoned to Ankara by Mr. Ozal last year, has taken the bull by the horns. Within days of being appointed general manager of Ziraat, he announced a review of its entire lending operations. He rapidly came into head-on conflict with both the bank's entrenched bureaucracy and a large number of vested interests in the business world, who had been accustomed to borrowing

อาณา ค.ฐ. การู้ใน อาณาสุดเกราะ อาณา ค.ศาการ

very traditional lines. It nonetheless makes the highest profits ever seen in the Turkish banking sys-

Pitted against the Akbank is Yapi ve Kredi Bankasi, which belongs to the Cukurova Industrial Empire. Yapi ve Kredi was shaken by Turkey's economic turnaround in the carly 1980s, and it was only last year that it clawed its way back to genuine profitability. This year's results will be watched with interest to see whether, under a new general manager, Burnan Karacam, its progress is being maintained.

The larger private-sector banks have been squeezed hard in the last few years in Turkey. The shift to realistic interest rates has left them facing serious dangers. Currently, one-year time deposits fetch 65 per-

cent, about 17 percent more than a year ago. Lending rates have to be at least 30 percent higher in gross and finding sale customers at that sort of interest level is next to impossible.

Banks have been living for several years with a growing volume of bad debt which has caused more than half a dozen small banks to shut their doors in the 1980s. Their liabilities were mostly absorbed by Ziraat and other state banks.

The government and the Central Bank have been prodding banks to increase their provisions against bad debt for several years. Two years ago a scheme for capitalization of bad bank debt was introduced.

Profits are being made by two other groups of banks: foreign banks which came into the country after 1980, and small efficient local banks specializing in trade finance and, more recently, investment banking. There are now 21 loreign banks in Turkey out of a total of about 60. The foreign contingent is led by U.S. giants such as Citibank, Manufacturers Hanover Trust and Chase Manhattan.

The marketplace in which they operate is sometimes a difficult one. In the first few months of 1988, Turkish banks were insisting on payment requirements of 25 percent or more on imports before they would issue letters of credit. This was the result of a foreign currency shortage caused by the pre-election spending spree in 1987 and the less-than-stringent monetary policies that went

But with Turkey's trading performance stronger than ever, the more skillful of the trade finance banks still seemed poised to continue their successes of the last few years.

# Top Banks Record Impressive Year



THE last five years

have been a period

of unparalleled

growth for the bold and

imaginative in Turkey's

banking and financial sec-

tor. A dynamic restructur-

ing of the country's long-

dormant economy is now in

progress. It is an expansive

and challenging environ-

ment in a society whose

banking potential has still

The changing mood is reflected in results from a

diverse range of institu-

tions. Yapi Kredi, one of

the top three private com-

mercial banks in Turkey,

recorded a nearly 100 per-

cent increase in net profit

in 1987: 61 billion Turkish

lies compared to 31 billion

TL the previous year. Total

assets of the bank during

the same period rose from

1.95 trillion TL to 3.04 tril-

lion TL, a 55.6 percent

Sekerbank, which serves

the agricultural sector, par-

ticularly sugar producers,

saw its net income soar to

to be fully realized.

Mr. Zafer Basak. member of the board. Turkish **Economy** Bank.

14.4 billion TL in 1987

from 4.8 billion TL in 1986.

Iktisat Bank, whose assets

rose to 481.9 billion TL in

1987 from 220.5 billion TL

the previous year, com-

ments on the revolution in

artitudes and practices that

have taken place: "Ten to

fifteen vears ago Turkish

bankers never left their

desks and clients felt in-

The new atmosphere,

judging from Mr. Aksoy's

executive suite, is very dif-

ferent. Discreet European

classical music is piped into

a lounge whose walls dis-

play elegant oil paintings

from the Ottoman period.

facade lies a fast-moving

high-technology oriented

bank. In a short time lkti-

sat has changed from a

small retail operation into

an institution handling 11

percent of Turkey's foreign

Of the changes he has

seen since taking over the

bank three years ago, Mr.

trade transactions.

Behind this cultivated

timidated."

Erol Aksov, chairman of

Aksov singles out the new perception of the bank and

Turkish banking in general by the outside world. When I started, one had to work very hard to get international markets interested. Now we can do straightforward packages. send out a syndication telex and know we will get a

reply. Like a number of other financial institutions, Iktisat has taken full advantage of the country's telecommunications modernization and the availability of reliable relephone lines. As a result Iktisat has spent \$8 million on a computerized system using U.S. Security Pacific software, the only real-time system in Turkey able to handle letter of credit transactions, according to Mr. Aksoy.

Technology is streamlining international operations. Forty of Turkiye Is Bankasi's 923 domestic branches are online to the Isbank's busy London oflice. The computer links facilitate trade finance business by avoiding the timeconsuming process of routing transactions through the bank's head office in Ankara.

Interbank, which installed the first real-time computerized operation in Turkish banking, and Yapi Kredi, with its 600 branches, also identify investment in banking technology as a major factor in solidifying their positions over the last three years.

The state-owned Tobank as well is currently seeking to computerize its 117 branches, and is evaluating bids from NCR, IBM and Nixdorf. This forwardlooking artirude underlines the positive view Tobank's new management is taking of prospects for rescheduling the nonperforming loans that led the government to intervene and boost the then private bank's capital to 75 billion TL from 4 billion TL in

In line with a growing trend, Tobank is likely to seek an independent auditing of its accounts in the future. The move mirrors a desire through the Turkish banking sector to display rectitude both in the domestic and international arcas of its operations.

"Being mostly involved in trade financing has kept us away from the nightmare of bad-debt financing," savs Turk Ekonomi Bankasi director Zafer Basak, who adds: "We do not pretend to be a huge bank, but turn out to be one of the most profitable in our business. Our client base is select. We try and keep it industrial and limited to those involved in important export business."

A small merchant bank - one of the first to be independently audited -TEB is also an enthusiastic promoter of computerization. It has recently launched a separate firm, Biltim, to provide clients with software and hardware

consultancy. About the future, Professor Basak comments: "I am very optimistic because, frankly speaking, Turkey has been changing before my eves compared with conditions 25 years ago." This positive view is shared by Özer Guney, general manager of Esbank, which in 1987 virtually doubled all its figures: "I feel that 1988 can again be profitable. The economy can cope with the higher cost of money. I hope, and feel, we will have few problems.

—A.R.

# / DESTINATION ST IN TURKEY IT IN TOURISM

grions for mouser as as years marces 2 255 peaches esure and ravel

Contractions of Sub-contracting



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Istanbul works with the Bank's overseas branches and representative offices and with an extensive network of correspondent banks around the world in handling a large proportion of Turkey's foreign trade transactions. A leader in the maturing capital markets, İş Bank is also a major power in project finance.

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# Recent Moves to Fuel Development

ment is the key to the rapid industrialization drive that Prime Minister Turgut Özal hopes will transform the Turkish economy by the early decades of the next century. This has already come a long way since the late 1970s and early 1980s, when frequent power cuts hamstrung industry. Turkey had a surplus of 15,000 kWh of electricity last year. But demand is set to outstrip supply by the early 1990s, and Turkey remains heavily dependent on crude oil imports. Amounting to roughly 21 percent of all imports, these cost about \$2.64 billion in 1987.

In line with the government's free-market principles, the current five-year plan contains two broad

NERGY develop- goals which are significant departures from centralized state control. It seeks to encourage private-sector participation wherever possible, and to use indigenous resources only when these prove economically viable. Ankara's present budgetary stringency has reinforced

Domestic demand for electricity is increasing by 18 percent a year. According to the International Energy Agency, by the end of the century, total electricity demand by fuel sources will amount to 39 million metric tons of oil equivalent (mtoe), compared with 8.3 mtoe in 1985. Hydroelectric demand will rise by a staggering 700 percent and thermal demand will increase almost three-fold, to

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and experience.

Mr. Ozal's team does not share the previous military government's view of nuclear power as a panacea for Turkey's energy deficits. It seems unlikely there will be serious need for it before the next century, say officials of the Energy and Natural Resources Ministry. The Sovier's Chemobyl disaster, which irradiated large areas of Turkey's Black Sea coast in 1986, has

blighted nuclear power in

the public's eyes as well.

The main energy development areas during Mr. Ozal's second term in office are likely to be the extension of natural gas supplies to additional sites in Anatolia, and the use of the "build-operate-transfer" (BOT) method of implementation wherever possible. French-and-British-led consortia have already won contracts for the conversion and expansion of existing gas networks in Istanbul Ankara. Two major BOT contracts for the construction of thermal power stations to burn imported

coal are also being negoriar-

A gas pipeline under construction from the Bulgarian border will reach Ankara this summer, carrying Soviet natural gas. These imports will total 6 billion cubic meters annually in the 1990s and be supplemented at peak periods by Algerian gas. A 20-year agreement for imports of 20 billion cubic meters was reached in Algiers in

# 23 are completed, and another 11 are still in the Current plan stresses involvement of private sector.

The fuel will be used for power stations, industry and private heating. It is hoped this will reduce the pollution in the capital caused by widespread use of lignite, which produces an actid, sulphurous smog.

Australian and U.S.-led consortia are competing for the first large BOT contract the government has ever awarded. This contract for a major thermal power station will be a breakthrough for the BOT method, whereby private interests receive concessions to finance, construct and then operate major infrastructural utilities.

From its formation in the early 1970s up until legislation introduced by the military in 1983, the stateowned Turkish Electricity Board had a virtual monopoly over power generation, distribution and sales, apart from concessions granted to the private-sector Cukurova Elektrik and Kepez Elektrik. The first Özal government significantly widened the scope for private-sector participation in power generation; at the end of 1987, the Energy and Natural Resources Ministry had received about 90 applications for small- to medium-scale projects from planning stage. The World Bank has taken a leading role in financing construction of hydroelectric power plants in Turkey; its most recent loans have been for the 300-MW Sir dam project for Cukurova Elektrik and the 420-MW Kayraktepe dam scheme. Construction has yet to start on the latter.

private interests, many of

them hydroelectric. Several

of these schemes have been

To meet projected de-

mand by 2010, the govern-

ment envisages the

construction of 280 hydro-

electric stations of varying

size, with a total generating

capacity of 28,000 MW.

Around 30 new hydroelec-

tric plants are under con-

struction, final designs for

However, in the next two years the State Hydraulics Agency (DSI), which plans and oversees construction of hydroelectric stations, plans to start only two new large hydro-projects, the Kayraktepe scheme and the 510-MW Boyabat dam, also supported by the World Bank. With belt-tightening budget stringency in Ankara, its development funds have been largely accounted for

by work already under way. Much of the DSI's budget is eaten up by the construction of the giant 2,400-MW Ataturk dam in the southeast, the centerpiece of the southeast Anatolian (GAP) development program. A sister project on the Euphrates river, the 1,800-MW Karakaya dam, is scheduled to reach full generating capacity by the autumn. The GAP program includes 15 dams and 18 hydroelectric schemes,

which eventually will irrigate 7,000 square miles and generate 7,620-MW. However, the large dams on the Euphrates, which include the 1,360-MW Keban dam completed in 1976, are a bone of contention with Syria and Iraq downstream, which claim they affect the river power to the detriment of their own dams and irrigation works.

Domestic oil produc-

tion, although increasing to an estimated 2.5 million metric tons in 1987 from 2.1 million metric tons in 1986, is unlikely to ever make much of a dent in the oil import bill, largely be-cause the fractured terrain in the premier oil-producing region in the southeast has generally yielded only small-to-medium-sized fields. That means Turkey has to rely largely on oil imports from its neighbors, Iran and Iraq. Iraq's main oil export lifeline, twin pipelines with a capacity of 1.5 million barrels a day (b/d), terminate in Turkey's Iskenderun Bay. Iran periodically revives interest in its own 30-year-old scheme for an export pipeline through Turkey, with little concrete progress so far. During a late-February visit by Mr. Ozal to Tehran, it was nonetheless decided to undertake basic en-

Marketing studies in Europe for a much larger project to build a gas pipeline across Turkey have so far produced little more than generalities. However, Qatar also plans to build a \$8 billion pipeline across Turkey to Europe from its massive North Field reserves. There have already been a series of talks on the scheme, and a contract for basic engineering studies could be awarded this year. Turkey more than ever is becoming a bridge between Europe and the Middle

gineering studies.

# Akbank Profit Up 65 Percent

lar profit performance in the Turkish banking sector has been turned in by the Sabanci group's Akbank. A net profit of \$164.8 million was recorded in 1987 (against \$99.1 million in 1986), and in March 1988 the bank's capital was expanded to \$245 million, bringing net worth up to \$372.3 million.

According to Erol Sabanci, managing director and vice chairman of Akbank and one of the six sons of the legendary



Erol Sabanci, managing director and vice chairman, Akbank.

founder, the late Haci Omer Sabanci: "We are the biggest purely private bank and, in terms of branches and assets, rate number three in Turkey."

Akbank has been busy developing its international connections, and formed a joint venture with the Banque Nationale de Paris in Istanbul, known as BNP-AK, in 1986. In its first full —J.L. year of operations the bank

made a profit of 5.4 billion Turkish liras after tax. Akbank has also had a fully owned subsidiary is tondon since 1983, which was set up with equity of 15 billion TL to provide 2 flag carrier and export window on international banking business," according to Mr. Sabanci, In 1987, the subsidiary made a 19 bil-

keind B

- 20

lion TL profit Akbank, which has 617 branches and employs a staff of 8,900, handles some 10 percent of Turkish deposits. "We want a higher percentage," says Mr. Sabanci, who points to the \$40 million spent on computerizing 160 of its branches recently.

Turkey's growing rour-ist income is also a target. Akbank is participating in two new Hilton Hotel schemes: a 363-room hotel being built in Ankara and a 250-room establishment planned for Mersin.

The bank is part of a group rated 174th in Fortune magazine's 1986 list of international corporations. The group has the country's largest cement interests, is second in Turkey only to Unilever in margarine production, is the biggest textiles group in Tur-key and largest packaging group in the country as well as the largest polyester fiber producer in the Middle Fast

Although Akbank's pedigree is impressive, Mr. Sabanci admits that inflation is still 2 problem. However, he states: "I am an optimist, because the government will tackle the problem very seriously and make regulatory changes in money market activities."

# Interbank Approach: Cautiously Aggressive

NTERBANK celebrates its 100th anniversary this year. From its beginnings as the Banque de Salonique, specializing in trade between the Ottoman empire and the West, the basic business of the International Bank for Industry & Commerce (Interbank), as it was renamed in 1969, has been in trade finance.

Last year marked Interbank's seventh straight year of increased profits. Earnings of 17.3 billion Turkish

liras showed a 79 percent increase over 1986 results. In dollar terms, earnings rose 33 percent to \$17 million. The bank's return on average assets rose from 3.9 percent to 4.3 percent, while its return on average equity increased from 43.4 percent to 46.7 percent.

This performance reflects an imaginative management style that has positioned Interbank as one of the country's most innovative wholesale banks, one that has handled 12 percent of Turkish trade financing in the last three years. The bank, which was the

first real-time computerized bank in Turkey, is now tions into investment and merchant banking. Executives consider a niche exists for the bank in merchant banking — as the intermediary between investors and entrepreneurs in mergers, acquisitions and the privati-23tion program.

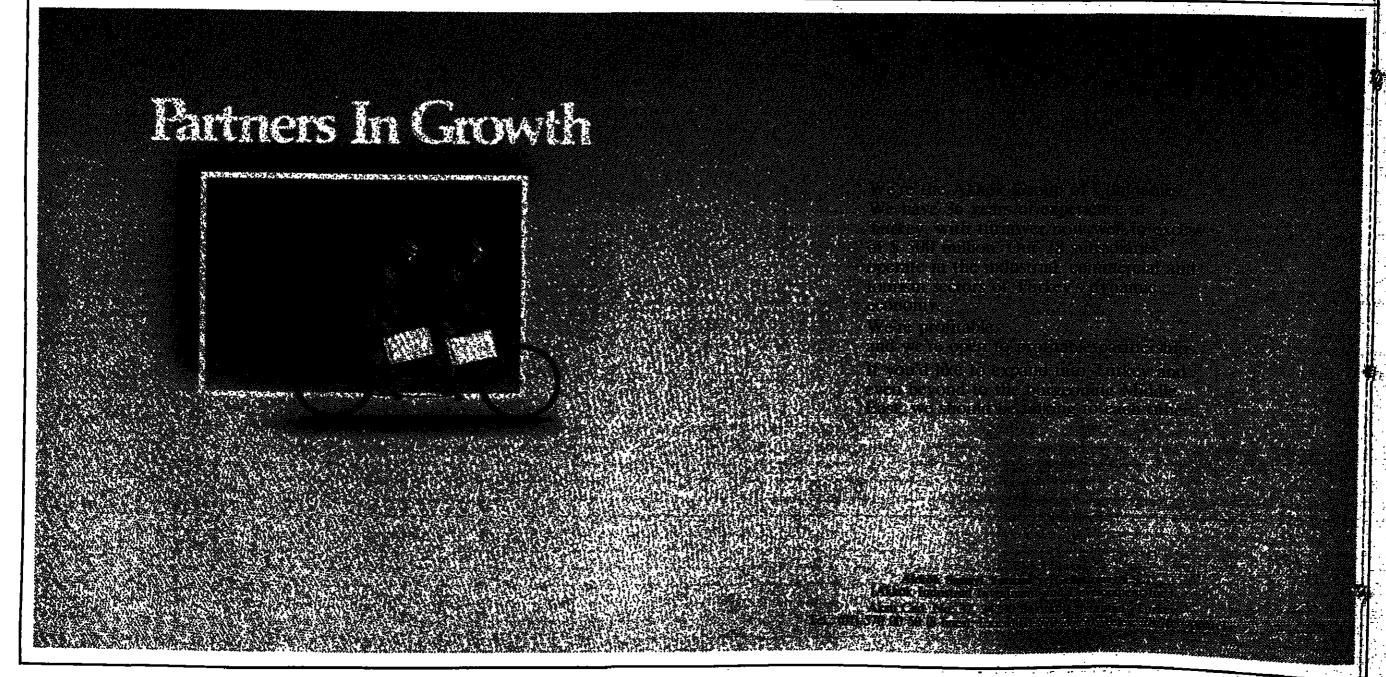
Interbank was one of the underwriters for the recent

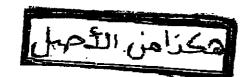
sale of government shares in Teleras, and is currently advising on the privarization of Turkish Airlines cargo charter and catering

ially Uomo. A spokesman scressed that the bank is profit-motivated and not looking for an increase in assets. The inflation and tightening of liquidity that has occurred in the last three months is not, in some experts' opinions, sustainable. Though tighter monetary policy will cool down the econo-

my, longer-term fiscal measures will be needed to reduce the budget deficit to manageable size.

Meanwhile, the bank's cirectors point out that Turkey's geographic position between the Europeanand Middle Eastern markets gives grounds for longterm optimism. "In the next three to six months we want to watch rather than step on the gas pedal, but we remain cautiously aggressive," they say.





Serhan Altinordu,

chairman, Tourism

ing neglected and exploita-

tion of its business poten-

tial is proceeding apace. In

1985 Tourism Bank's loans

were one-third of the

bank's assets. One year later

loans comprised two-thirds

of total assets. In the three-

year period 1985-87 the

bank estimates that it has

financed new accommoda-

tions totaling 45,000 addi-

The number of tourists

visiting Turkey jumped

is a generally expressed de-

sire to develop the top end

of the market, and this will

continue to mean a sub-

stantial and accelerating in-

vestment in high-quality

We want to concen-

accommodation.

tional beds.

Bank.

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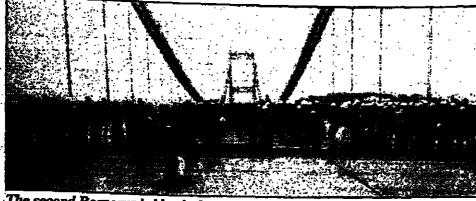
Although Aldrank's poligree is impressive, Mr. S. banc, admire that inflation is still a problem. However he states. "I am an oppmist, because the government will tackle the proberr very seriously and make regulatory change in COURT BUREAU ACTIVIDES -AR

and in general fisch masures will be needed to to

Turken a congraptic post time between the European Estern ma-Acts a vity arounds for loga promisme "In the ment there is say months of

Bridging the Bosporus

Control and the second



ADVERTISING SECTION

The second Bosporus bridge is due to open on May 29.

Bosporus to the Mediterranean. bridge, as the link Bridging the Bosporus berween Europe has a special significance and Asia, has always occubeyond the immediate cost pied a special place in the and purpose; it is imbued history of the eastern Mediwith the history of the city terranean. Through its porand the waterway as well. tals, Jason and the Argo-To this is added the specnauts of mythology sailed tacular majesty and grace of in search of the Golden an overarching supension bridge with cable stays. Fleece; on its European shore in 324 A.D. the Byz-The first bridge across antine Emperor Constanthe Bosporus, then Eutine founded the capital rope's largest suspension which came to bear his bridge, was completed in name; and in the 20th cen-1973. It quickly became a

ta tower, the Ayssofya Mosque and the Byzantine city walls.

By the late 1970s and early 1980s, however, it was apparent that another bridge was needed. Heavy trucks involved in the booming transit trade to the Middle East needed to be diverted away from the toll booths for local traffic.

The bridge was designed to carry 80,000 vehicles a day, but frequently has to cope with 115,000 or more. In 1987, it carried a total of 4 million vehicles, of which 3.1 million were cars.

A \$551 million contract to build a second bridge together with its approach roadways was awarded to a consortium of local, Japanese and Italian contractors in May 1985. A fierce tender competition had brought into contention British and Japanese aspirations for the prestigious project, particularly since the first bridge was built by a British company.

In something of a civil engineering fear, the towers, cables and deck of the second bridge were completed well ahead of schedule, largely through a novel construction method of swinging the deck sections through a series of leapfrog maneuvers out along the main cables.

Once roadways have been laid across its deck. the bridge will open on May 29. It will be called the Fatih (Conqueror) bridge, after the Ottoman Turkish Sultan Mehmet II, who led the Moslem conquest of Constantinople on the same day in 1453.

The second bridge has been designed on the same principles as the first. though with modifications. The original designs were drawn up by the British firm Freeman Fox & Partners, which also designed the first bridge. The new structure clears the Bosporus in a single main span, high above the tankers, ships, ferries, fishing boats and pleasure cruisers on the water below. It has four lanes in each direction, compared with the first bridge's three, and a design loading twice as heavy.

The second bridge serves as a vital link in the Trans-Anatolian highway, a Europe-to-Asia route running from the Bulgarian border up to Ankara, Major construction contracts to upgrade and build the rest of the route were awarded after the contract for the second bridge as part of a massive and ambitious toll road construction program. In time, the government hopes to complete the fast expressway all the way up to the Iraqi border crossing at Habur.

But before then, Istanbul could have a third bridge across the Bosporus, this time erected on the "build-operate-transfer" (BOT) contracting model. The third bridge will be part of a planned local traffic ring road through Istanbul's historic center, which will also include a tunnel under the Bosporus at the other end of the arc.

Tenders for the contract to build this structure, larger and longer than the other two bridges — it will have three spans, two subsidiary and one main were returned in February. In just over two decades, the Bosporus link will have been transformed more fundamentally than since Constantine first founded his city.

# **Tourism Bank's Hotel** Interests to be Privatized

owned Tourism Bank is a unique institution. It was set up in 1955 with the specific mandate of assisting the development of the country's tourist industry.

At the time of the bank's establishment, the private sector was unwilling to invest in a sector that hardly even existed. Facilities needed to be developed, and Tourism Bank began to build up its Turban chain of hotels, campsites, marinas and other facilities, which have established a high reputation in Turkey's tourist market,

The 23 properties that

comprise the Turban chain, including a travel agency, are now to be divested as part of the government's privatization programs. The bank's pioneering role in establishing industry standards is over. "We asked the government to consider our tourist operations as a candidate for privatization. We cannot act as a banker and operator," says the bank's chairman and president, Serhan Altinordu, referring to the huge expansion taking place in this area.

Turkey's potential as a from 1.3 million in 1980 to

### The number of tourists to Turkey doubled in just five years.

tourist destination is re- 2.6 million in 1985. There flected in more than 8,000 kilometers of unspoiled coastline, as well as a climate and antiquities that are as attractive as any found in the Mediterranean and Aegean regions.

Tourism is no longer be-

trate now on financing the sector's needs, and are trying to train our sraff to adopt a merchant banking role. The next step is for the bank to use its whole financial, human and other resources to meet the sector's needs," Mr. Altinordu comments, adding that he envisages demand for a further 200,000 beds costing \$3 billion over the next few

The bank's divestment of its hotel and other interests is due to be completed this year, leaving Tourism Bank to concentrate on its banking activities and providing services to the sector. A new image has been planned as a result of deliberate credit policies in the last two years aimed at preparing the bank for a new take-off phase following completion of the privatization process, he adds.

Gearing up to meet the increasing demands of the fast-expanding sector has meant Tourism Bank's borrowings have increased tenfold since 1984, the larest being a private placement in February by Nikko Securities of 10 billion yen.

Improved techniques for applying funds have also been an important growth factor. The bank's line of financing can be extended up to 10 years. Repayment of principal and interest is not required during the construction phase of a hotel, while a grace period on payments is also permitted between the building phase and start-up of operations. The aim is to allow an investor time to stand on his own feet, says Mr. Altin-

-A.R.

# New Tone to Relations with Greece

THE breakthrough in previously hostile Turco-Greek relations at the minisummit berween Prime Minister Turgut Özal and his Greek counterpart Andreas Papandreou in Switzerland in January could well prove to be one of the most important developments between the two countries this cenrury. If the fragile accord holds together, it could be the foundation of a new era of political and economic cooperation in the eastern Mediterranean, say Turkish

many it is the Soviet Union's

only southern naval access

Though differences be-

tween Ankara and Athens still run deep, the new accord is a rapid and astonising turnaround from just over a year ago, when the two countries were on the brink of open warfare over mineral and territorial rights in the Aegean.

local landmark, as much a

part of the city as the Gala-

Since the minisummit at the Davos international economic forum, concessions that have paved the way for a durable dialogue include the return of Greek assets frozen in Istanbul in the 1960s. The accord was developed further at another meeting between Mr. Özal and Mr. Papandreou at the NATO summit in Brussels in early March. The two sides have busi-

ly set about formalizing the

accord. A joint committee has been established, for example, to discuss friction in the Aegean; another will examine areas of potential cooperation, such as trade, tourism and shipping. Turkish and Greek businessmen immediately seized on the opportunities promised by the accord to form joint bodies to further commerce between them. Banking looks to be the most promising area at present.

Anxieties on both sides

still threaten the newfound amiry. Turkey's full membership application to the European Community still meets with Greek resis-

Turkish officials scare, however, that Greece cannot afford to ignore the economic potential of Turkey as an industrial and trading power in the eastern Mediterranean, and would do well to seek cooperation in EC matters sooner rather than later. Turkey is a more natural trading partner for Greece than many other EC members, they say.

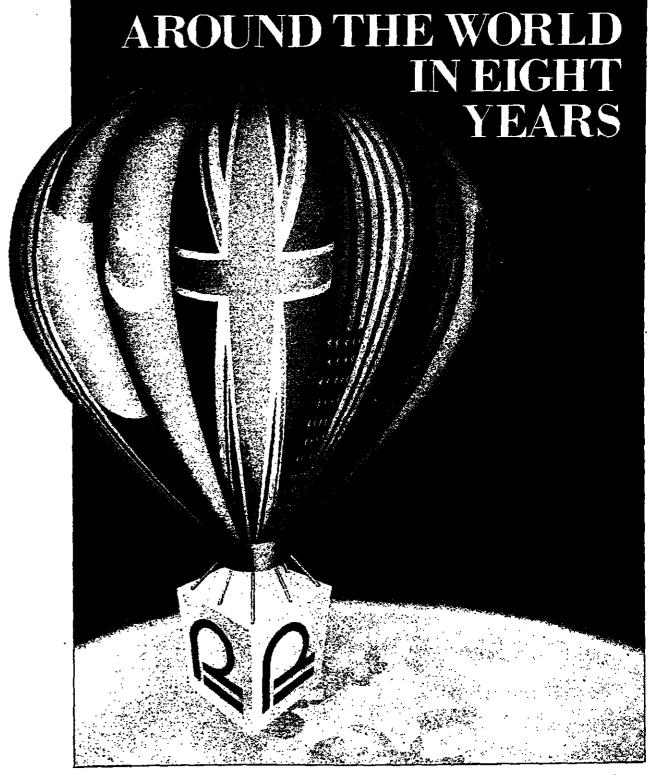
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An Istanbul bed linen factory owned by Mensucat Santral.

# Textiles Firm to **Double Production**

and clothing industry is the country's most important industrial activity, accounting for more than \$2 billion in export earnings and onethird of manufacturing employment. In terms of efficiency and productivity, however, performance in this sector is far from uni-

The main thrust of the export effort comes from Turkey's specialized textile producers. A modern and successful company, Mensucat Santral, typifies the forward-looking mediumscale enterprise that the

\*URKEY's textile Turkish textile industry will be increasingly dependent on for export-led growth in the 1990s.

Owned by the Bezmen family, Mensucat Santral (the name translates as Central Textiles) celebrates its 60th anniversary next year. Today the company concentrates almost entirely on the production of bed linens and interlinings at two plants based in Istanbul and Edirne.

A measure of the company's success is the 24-hour production maintained at both plants, which in 1987 turned out 103 million square meters of cloth, an

increase of 20 percent over the previous year.

Total sales increased 55 percent to \$98 million in 1987, of which exports accounted for \$55 million. Projections for this year envisage production of 125 million square meters of cloth and sales worth \$105 million, some \$90 million of which is expected to come from ex-

Mensucat Santral has a vertically integrated production process which includes spinning of raw corton, weaving, dying, printing, making-up and packaging processes which in textile industries outside Turkey are often separate enterprises. However, executives point out that Mensucat Santral's equipment and processes are at least as modern, if not more so, as those found elsewhere.

There is little doubt that the labor costs prevailing in Turkey's textile industries, ranging between one-sixth and one-ninth of those in Europe, are also a major factor in allowing companies such as Mensucat Santral and others to successfully penetrate overseas markets.

The sharpness of international competition demands much more, though, if export markets are to be sustained. Mensucat Santral's export success is due

to a close monitoring of market needs and production costs and a steady investment in high technology as well as the use of modern management techniques.

Swiss-educated chief executive Halil Bezmen, who has been with the company for 25 years, supports a lean management philosophy, creating "a small and highly motivated management with crystal-clear levels of responsibility."

The company's major export markets at present are in Northern Europe and Canada. In West Germany and the United Kingdom Mensucat Santral claims a five percent share of the market for bed linens. In Canada the company's share of the bed linen market has risen to 25 percent. Market potential also exists in the United States, Far East, Africa and the Middle

The company's ambitious investment schedule calls for a doubling of production in the next five years. This is expected to result from the introduction of higher quality products aimed at more upscale markets instead of the medium-price client base that currently characterizes

Emphasis will be placed increasingly on the more complex production of disposable non-woven goods based on synthetic fibers and high-technology-process fabrics. The investment needs are substantial. Mensucat Santral's mainly Swiss and West German equipment is on average less than seven years old. The installation in 1986 of an IBM 38 Model 700 together with associated software represented the largest application of computerization in the Turkish private

sector outside the banking

community, the company

# Industry Looks Abroad for Increased Growth

**▼URKISH** industry is on the move. Its diverse products, ranging from textiles and washing machines to buses and petrochemicals, have found markets throughout Europe and the Middle East in recent years.

Industry is now at the forefront of Turkey's ambitious export drive, reflected in the increasing share of industrial products in foreign sales from 35 percent in 1980 to 80 percent last

Turkey makes an estimated 2,500 products, including chemicals, pharmaceuticals, iron and steel, cement, glassware, ceramics, paper, vehicles, fertilizers and electronics as well as textiles, the largest and most important sector.

The rextile and clothing industry in Turkey accounts for one-third of employment, and its export arnings total more than \$2 billion a year. It is a sector in transition, having had to reassess its priorities following the imposition of quotas on Turkish products by the European Community in 1985.

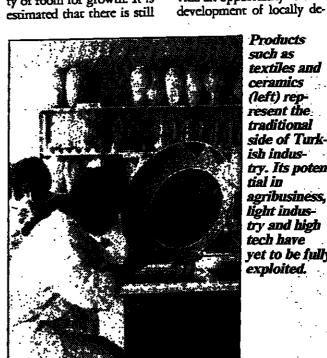
The quota shock has, however, accelerated modemization of the industry. The move has been away from traditional bulk-produced spun goods to higher value-added products based on artificial fibers and new production processes.

While textiles continue to be key exports for the Turkish economy, other industries are also being encouraged. One-quarter of the country's overseas sales

are food products. Substantial surpluses, particularly of citrus fruits, have led some to call Turkey a sleeping giant in terms of its food processing agribusi-

ness potential.

Turkey's motor industry is another sector with plenty of room for growth. It is estimated that there is still



"The state's share in manufacturing is being gradually reduced."

only one car per 60 people in Turkey, compared to one per nine and one per 14 in Greece and Bulgaria respectively. There is also growth potential in production of specialized vehicles like tractors and trucks. Exports already exist in some parts of the sector with Otomarsigned equipment to act as a spur in research and production design in other high-technology sectors.

In the last three years the whole of Turkish industry has been undergoing a deep structural change. The concept of import substitution, which dominated

thinking for years, has been san, a joint venture with abandoned and replaced by Mercedes-Benz, selling a policy of export-oriented more than 20 percent of its buses to Middle East coundevelopment

This has often meant uncomforcible new policies in Light industry is an area ripe for takeoff. It is hoped subsidies, customs duties and import regulations, that the planned new free zone at Izmir will help which previously cossecred local industry. However, the result has been a strondraw more high-rechnology ger industrial base as well while, the country's massive telecommunications as management attitudes geared to compete in world development program is providing substantial work for the digital electronic exmarkets. During the last three years, industry has shown its ability to adapt change manufacturers Teleby achieving an annual growth rate of 8.5 percent.

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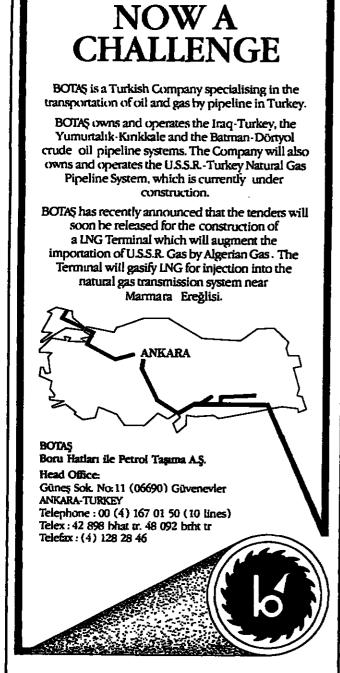
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been another key feature of vide an opportunity for the the ruling Motherland Party's program for structural change. Attention is focusing on Turkey's state economic enterprises (SEEs), which were set up in the early days of the republic as a means of fulfilling Ataturk's dream of industrial self-sufficiency... side of Turk-

> Protected by successive administrations, the SEEs try. Its potenhad become unwieldy by the 1980s, overstaffed and unable to adapt to the new emphasis on export growth. Considerable yet to be fully changes have been effected to improve their industrial performance. Still, the public sector's role is due to decrease steadily as the gov-ernment's privatization program takes hold.

According to Minister of State Yusuf Bozkurt, "We have aimed at a sound manufacturing sector viable within a compenitive environment. That is why private capital is being actively encouraged and supported to invest in the manufacturing sector with a comprehensive package of incentives, while the state's share in manufacturing is being gradually reduced through disinvestment and privatization. efforts."

∸A.R.



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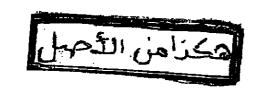
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# Oil Still the Focus For Energy Needs

sion in Turkey on energy marrers has tended to be dominated by plans for development of hydroelectric resources, thermal power and potential nuclear programs. However, it is still oil that, whether domestic or foreign, still provides some 40

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Mr. Özai and

ergy needs. Determined attempts continue to be made to increase production of oil in Turkey, which presently accounts for 13 percent of domestic needs. While oil was first discovered in southeastern Turkey in 1950, the relatively small size of fields has rended to limit international interest. Sustained exploration re-

At the heart of national development plans is the state-owned Turkish Petroleum Corporation (TPAO), whose share of domestic production in 1987 was 51 percent, followed by Shell, which has been operating in Turkey since 1925, with 38 percent and Mobil with 11 percent. In 1987 TPAO was aiming for a 25 percent

quired a national effort.

"N recent years discus- increase in production from 26,000 barrels a day.

As a vertically integrated concern, TPAO operates in every part of Turkey's petrolcum sector through its pipeline subsidiary BOTAS, its matine transport company DITAS, its distribution company PETROL OFISI and its refining subsidiary TU-

TPAO plays a key role in Turkey's refining industry. The corporation's total relining capacity increased to 33.1 million metric tons a year in 1987. Its five complexes include Batman, which opened in 1956 as the country's first modern refinery, Atas (Merson), Izmir, Orca Anadolu and Iz-



Turkish Petroleum Corporation

man to Dortyol (494 kilometers), Adiyaman to Saril (82 kilometers), Saricik to Pirinclik (41 kilometers), Selmo to Barman (42 kilometers) and the cross-border 980-kilometer pipeline from Kirkuk in northern

### Since the price drop, oil exploration has been a priority.

mit, which boasts the larg- Iraq to Turkey. Another est dock-loading and unloading facilities in the castern Mediterranean.

TPAO also has a strategic role as an operator of major pipelines. These include domestic lines from Bar-

pipeline is under construction to bring Sovier natural gas from the Bulgarian border to Istanbul and Ankara. A second pipeline is due to be completed from Kirkuk,

on construction of a 1,900kilometer conduit from Iran's southern Khuzestan province to Iskenderun in Turkey. A pipeline to bring natural gas from Qatar is another project under consideration, says TPAO chairman and general manager

Despite relatively modest progress since world oil prices fell in 1986, oil exploration remains a priority for TPAO. The maintenance of a steady program could pay increasing dividends in the 1990s when, as widely predicted by oil analysts, prices will begin to climb, making Turkey's smaller fields increasingly artractive for exploitation.

But Mr. Altan has no illusions, stating candidly: "Turkey is an oil-dependent country, and according to the latest forecasts will remain so in absolute terms through the year 2000."

Nevertheless, TPAO estimates the country's oil reserves at 10 billion barrels, and is actively seeking foreign parmers to explore and jointly develop the licensing areas it holds. The investment environment is considered to be very favorable. Legislation passed in 1983 permits foreign companies to export up to 35 percent of any onshore petroleum they discover and up to 45 percent of oil discovered offshore.

# Free Zones Underscore Export Trade

TURKEY's ourwardlooking economic policy, which has seen exports increase from \$3 billion to more than \$10 billion between 1980 and 1987, is underlined by the country's extensive development of free-trade

A total of four are planned. Those at Mersin and Antalya are already partially operational, occupying areas of 765,000 and 573,000 square meters respectively. Upon completion of the others at Adana/Yumurtalik and Izmir/ Gaziemir, Turkey will have four major free-trade zones located at key transit points in the Mediterra-

nean basin. Yalcin Alaybeyoglu, director of the free-zones authority, says it is strongly hoped that successful operation of the zones will provide additional impetus for more rapid growth of for-

Mr. Alaybeyoglu points out that the zones are close to the main markets of Europe, the Middle East and Eastern Europe, while companies operating in the zones also have easy access to Turkish markets. On the other side of the Mediterranean, Turkey's zones are

competing to some extent with a dozen others, as well as with areas in Greece and Cyprus. So what does Turkey have to offer the inves-

Quality infrastructure and reliable modern telecommunications are among the factors cited, while the cost of land, at some \$2 per square meter a year, is very low. The cost of labor - an average of \$70 a month for an unskilled worker - is attractive to investors. And the cost of utilities and port charges are also said to be lower than those of most Mediterranean countries.

As special sites outside Turkish customs territory, the free zones are exempt from all kinds of taxes. Here companies can store, exhibit, manufacture, assemble and test as well as process goods for trade outside Turkey.

The zone at Adana/Yumurtalik is likely to become the biggest free zone in the Mediterranean and Europe. In its first development phase, industrial and port facilities are due to be constructed on a 600-hectare site. Within 10 years it is envisaged that 100,000 jobs will be created within the zone. The development itself is expected to



Yalcin Alaybeyoglu, director, Free Trade

be the subject of a buildoperate-transfer arrangement. The U.S. company Bechtel, which completed a feasibility study on the Adana zone two years ago, is planning to form a joint venture with foreign and Turkish participants to de-

velop and operate the zone. Adana/Yumurtalik, on the northern coast of Iskenderun Bay, is considered to have wide-ranging potential, particularly for the increased output of agricultural produce expected to result from power generation and irrigation projects currently under way in southeast Anatolia.

Adana's free-trade zone,

it is argued, could provide the site for vegetable oil, poultry, and food-processing projects as well as canning, dairy production and cold storage. The potential of Middle Eastern markets, as much as those in Europe, is also encouraging the zone's planners to look at future demand for transit trade as the warting Gulf countries seek to rebuild their economies once the hostilities are over.

A different emphasis is being sought in the development of the Izmir-Gaziemir free-trade zone, for which a feasibility study was carried out by the Shannon Free Airport Development Company. The main purpose of the Izmir zone is to attract high-technology industry to Turkey.

Expropriation of land at a site 15 kilometers from Izmir and close to the city's new airport has begun. It is expected to take between five and eight years for the 2-million-square-meter zone to be developed. Its ultimate impact on Turkey's Aegean area will be considerable, with 36,000 jobs created by industries generating projected gross value exports of \$900 million a year.

# A Telecom Revolution

HERE is little doubt that without its prodigious investment in telecommunications in the last four years, Turkey's considerable economic progress would not have been so

rapidly achieved. The country's multibillion-dollar investment program is well on the way to achieving its target of establishing a communications network on a par with those of other major industhe goals of the 10-year deot proprem due to end in 1994 have already been realized.

Turkey's 36,000 rural communities are now connected to telephone services. All exchanges of more than 30 lines are automated, while in the major. cities, particularly Istanbul and Ankara, waiting lists for telephone installations

going back as far as 15 years have been eliminated.

By 1990 half the country's network is expected to be based on digital technology, which in turn will hasten the introduction of advanced services such as packet switching, highspeed dara links and the steady buildup of Integrated Services Digital Nerwork (ISDN) rechnology.

The situation is vastly. improved compared to the chaos of just a few years trialized countries. Many of ago. The telecommunications revolution in Turkey has also crimulated the development of local industries, producing advanced digital switching exchange

NETAS in which the Canadian company Northern Telecom has a 31 percent interest, produces the latter's DMS digital switches in volume for the Turkish PTT at a plant near Istanbul. Similarly, Teleras, which recently underwent partial privatization, manufactures System 12 digital exchanges. Belgium's Bell Telephone, a former ITT subsidiary which provided the technology, has a 39 percent stake in Teletas. which is also located outside Istanbul.

Turkey's 55 million people provide a solid customer base for the country's fast-developing telecommunications industry. The application of ISDN services and other facilities, particularly in the financial sector. is likely to enhance a now well-established high-technology sector which also shows considerable export potential. The Soviet Union could be a prime candidate whenever it decides to begin modernizing its own telephone system with digital technology.

What is the connection between China and Mensucat Santral?

# Inswer:

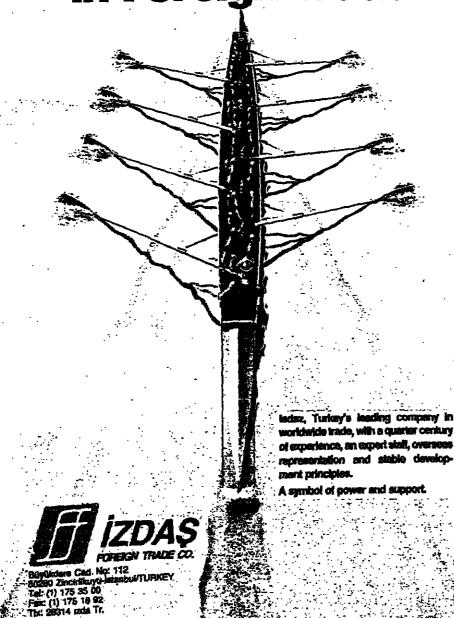
China has a population of over one billion. We have produced over one billion metres of bed linen and interlinings so far.

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# More Flights and Better Hotels Boost Tourism

Turkey from most European capitals is not much more than three hours. This proximity has awakened the international leisure market to the possibilities of this vast country, rich in coastal and inland beauty and legendary for its people's friendliness toward visitors. Surprisingly, Turkey is one of the least developed tourist

and Aegean regions. Turkey may have been slow to exploit the hardcurrency earning potential of its coast and historic

areas in the Mediterranean

sites, but on the other hand, in spite of its extensive development plans, it has been wise enough to avoid many of the pitfalls experienced by other countries in their accelerated and often uncontrolled expansion of

One of the factors inhibiting Turkey in the past was the physical limitations of access. For years Istanbul was merely an excursion for visitors spending the main portion of their holiday in Greece. But expansion in international air travel, particularly in the charter operations sector, has changed

the situation dramatically. It is now far easier to travel to Turkey. Foreign airlines have augmented the services of the national. carrier Turkish Airlines with daily, rather than weekly, scheduled flights to and from Istanbul. Major carriers also operate directly percent. to Ankara, while Izmir is also beginning to be fea-

tured on international The country's frustrating shortage of hotel accommodation for business travelers is being steadily overcome. The situation has already vastly improved compared to less than 10 years ago. The improvement will continue with a number of new five-star establishments opening in Istanbul, Ankara and resort areas on the coast over the next 18 months.

In spite of these developments. Turkey still retains the aura of the great cultural crossroads it has been since the dawn of civiliza-

The sight of Istanbul, a bustling city of minarets and Islamic domes, bounded by the Sea of Marmara to the west and the Golden Horn to the east, is an indelible one.

In 1968 the only modern international hotel in the city was the newly opened Hilton. But this was when European mass travel was only just beginning. Istanbul's leading hotel until 1968 was the Pera Palas, overlooking the Golden Horn. Still a popular destination with its evocative 19th-century decor, the 96year-old hotel, now a historic landmark, was originally built by Thomas Cook to accommodate Ori-

ent Express passengers. Near the Pera Palas is one of the newcomers, the

202-room Etap Istanbul. The 459-room Sheraton Hotel and Towers was only the second major international hotel to open here. Now eight years old, it is a highly successful venture with an occupancy rate that has never fallen below 75

There is still room in Istanbul for more five-star hotels to accommodate holiday traffic, business visitors and the needs of the burgeoning international conference and convention market. Sheraton is currently looking into developing a second hotel in Istanbul on the Bosporus. Meanwhile, Ramada has joined the ranks of internationals operators with its 250-room hotel near the Laleli Mosque in the old part of the city, opened last Au-

Many other developments are marking Istanbul's move into the European travel network. The work is not all large-scale: a formerly decayed mansion between St. Sophia and the Blue Mosque has been splendidly restored to its former glory by the Turkish Touring and Automobile Association and re-

lies the still largely untapped potential of a superb coastline unpolluted by industrial and urban development and some of the finest and most extensive archaeological sites in the

world. Turkey's Hellenistic

remains are arguably supe-

rior to those found in

The superbly preserved

and restored site of Ephesus

on the Aegean coast, which

became the Roman capital

of Anatolia, is one of the

seven archaeological Won-

ders of the Ancient World.

It is one of many Roman

Topkapi Palace (below);

the "petrified cascades"

of Pamukkale (right);

and Tarabya Bay

(lower right).

Accommodations for the business traveler are steadily improving.

Greece itself.

opened as the 20-room Yesil Ev hotel.

New five-star Hilton and Sheraton hotels are also planned for Ankara, whose. only deluxe establishment at present is the Buyuk Hotel, which operates at almost 100 percent occupancy throughout the work

Beyond the major cities

and Greek antiquities along the western and southern shoreline. Elsewhere, Cappadocia's unique limestone formations and the ancient sculptures of eastern Turkey beckon the visitor with their mystery.

Naturally, there is some fear that a substantial increase in foreign visitors will have a deleterious effect on traditional society and that ecological balances may be disrurbed. However, the planned increase in Turkish tourists, which numbered some 2.5 million in 1987, seems modest when seen against Greece's six million visitors a year and the 40 million that

travel to Spain annually. Tourism earned Turkey \$1.3 billion last year and the aim is to increase this amount to \$5 billion a year

in the next decade. The government is offering attractive incentives to developers, including grants of up to 16 percent of investment in fixed assets in hotels of 500 rooms or more and tax credits of up to 100 percent of the entire investment cost.

One of the larger projects nearing completion is a Sheraton development at Antalya. The hotel, which is being jointly developed with Polly Peck's leisure subsidiary Voyager Mediterranean, will represent the largest and most luxurious resort hotel on the Turkish Riviera with its 1,050 rooms in three wings.

Club Mediterranée, the German-Swiss Club Robinson and the Belgian-Turkish Club Salima are already well-established in southem Antalya Others are sure to follow. The British Sunmed holiday company, one of the first tour operators to organize package holidays to Turkey's coastal resorts, expects to sell 70,000 trips in 1988, compared to 45,000 last year.

Its managing director, -Vic Facah, says: "Turkey is like the Greece of 10 years ago. It appeals because there is a touch of the exoric and unknown, as well as sunshine." Tuckey in fact offers much more. It is exotic and sophisticated enough to satisfy both the sun seeker and the more erudite tastes of travelers seeking the experience of a country born of ancient civilizations overlapping both Europe and Asia.

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### TO DEVELOP YOUR BUSINESS LOOK FOR A LEADER

TURKEY, TREASURE OF AGRIBUSINESS

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T.C. Ziraat Bankasi, Turkey's leading bank, leads you into new business opportunities in Turkey. Just ask the biggest bank for detailed information and advice. T.C. Ziraat Bankasi, providing a window to agribusiness and international trade financing, is the oldest and largest bank in Turkey.

It has 1,200 branches in Turkey, one in New York, U.S.A., one in London, England, one in Frankfurt, Germany and representative offices in Europe and

T.C. Ziraat Bankasi ranks among the world's top 500 banks with assets more than \$5 billion. And last but not least, T.C. Ziraat Bankasi is the key to agribusiness opportunities, commerce and industry.



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# Discover a New Wealth in Turkey with TPAO

Modern Turkey, which contains the northern regions of historical "Mesopotamia", is an ideal place for oil explore tion. Indeed, prospects, from the geological point of view, are not any less northern regions of the Middle East oil belt. It is like a tranquil island in the region, where the most liberal economic healthy and expanding economy with one of the highest rates of economic

work links Turkey via satellites with every facilities are similar to any other country. However, such a promising geological setup has been tested, on the average, by 14 exploration wells per exploration in the 1930's. Taking into account the fact that Turkey is the larges country in Europe with the exception of the U.S.R., colling Turkey on essential-

Center of this setting is Turkish Petroleum Corporation, the largest state economic enterprise, with a tradition of more than half a century. Turkish Petroleum Corction (TPAO) employs over 5,000



tion, and management divisions. It owns 34 rigs, of which over 25 are operational at any given time, in lice millions of acres of Turkey's most tion. TPAO, producing from over 300 oil wells is the biggest producer in Turkey including its international competitors. Its experts are ready to assist you in any field from exploration to production er you may be a partner of TPAO or an independent in Turkey. Its "graduates" are today employed in every corner of the world from Indonesia to Canada, from Saudi Arabia to Norway. TPAO offers even more to companies which may wish to operate in the region from a comfortable and stable base. TPAO has just been authorized to engage in exp production and drilling activities rospects are apparent. Presently, there companies actively engaged in petro-leum exploration in Turkey. About half of them are the top shots of the all which have joint ventures with TPAO. Why don't you share in their



TURKISH PETROLEUM CORPORATION P.K. 209, Bakanhklar, Ankara-Turkey Telefax (90-4) 117 91 60/567

Phones: (90-4) 118 18 85, 125 64 96, 134 39 80 Telex : 42426, 42626, 42044

# An international lifestyle begins at International Istanbul

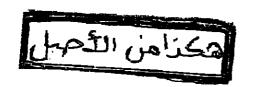
You are a citizen of the exclusive international village wh lifestyle includes the international city of Istanbul.

The warmth of a tranquil club atmosphere coupled with attentive, impeccable service is your need; a need provided in a traditional manner by





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# **Are Midi's Convertibles** An Outrageous Giveaway?

By CARL GEWIRTZ

ARIS — Compagnie du Midi, the French insurance group at the center of the latest takeover rumors on the last angle and last angle and the center state. last week with two bonds convertible into common stock. The controversy focused on whether the bonds were an outrageous giveaway to select friends of the company.

The dispute about the pricing is probably the most important element. That is what makes the paper appealing, and what makes dealers frustrated at not being able to get any.

Midi's motivation in selling the bonds is no secret. It does not want to be taken over by Assicurazioni Generali SpA of Italy,

The conversion

price represents a

discount, but the

lead bank notes the

stock price can fall.

which has a 13.6 percent stake which has a 13.0 percent stake and has indicated in the past that it might seek control. Generali denied last week that it was seeking control.

A Midi spokesman said the issues were intended, apart from raising capital to finance future growth, to place shares with long-term investors willing to "go along with manage-

This raises the prospect that the bonds will not be generally available and are being offered only to investors identified as friendly to the company.

But officials at the lead manager, Swiss Bank Corp., reject

market comment that the issues are really private placements.

The terms on Midi's bonds are notable because they go against market custom. The standard procedure on convertibles is to set an exercise price to buy the stock at a premium to the prevailing stock exchange quote. The premium varies widely, usually in a range of 10 to 30 percent.

But in Midi's issues, the exercise price was set at a discount. The 10-year issues — £275 million (\$522 million) of 3 percent bonds and 330 million European currency units of 21/2 percent bonds - carry identical conversion terms. After 30 days, the face value of the bonds can be exchanged for shares at a price of 1,510 francs (\$265). After two years the conversion price rises to 1,800

The bonds are being issued at a price of 108 percent of face value, meaning investors pay £1,080 to buy paper with a face value of £1,000. This raises the actual starting conversion price to

UT the share price on Paris Bourse, driven up by the frenzy of the takeover rumors, ended the week at 1,790 francs. Assuming the stock price does not fall, the convertible bonds give an immediate 9% percent gain for anyone buying the bonds at the offering terms, converting into stock and then selling the shares. That explains why dealers are panting to get their

hands on the paper.

Swiss Bank Corp. officials say this is not quite the giveaway that the market assumes. The bank takes the view that what goes up sharply in price can also fall.

The share price has been extremely volatile -- rising from 1,133 france at the opening of the year to a high of 1,801 last week as Generali built up its holding in Midi and as Panibas increased its own stake to about 5 percent.

As a result, Swiss Bank Corp. used the average price of the last 20 trading days, a frequent pricing standard, as a fairer measure of the value of the shares than the last quoted price. That 20-day average was 1,350 francs, and the conversion price of 1,630 francs represented a premium of 20.7 percent.

The amount being raised is large—the equivalent of \$1 billion, or 5.7 billion francs—and some incentive is needed to mobilize investors. The potential share increase represents a 20 percent

The French stock exchange commission acknowledged an embarrassed silence about the bond offerings. An official noted that Midi had obtained stockholder approval to issue the new stock and therefore was free to do so at the terms it desired. In addition, the official said, the commission has no jurisdiction outside France over issues floated in the international market.

Nevertheless, the official said the commission did object to an initial proposal to turn the bonds into a kind of "poison pill" anti-takeover device. He said Midi had wanted to set an additional premium redemption price on the bonds if the company was ever

The final form of the terms give holders the right to request redemption, after five years, at the offering price of 108 percent. This option to put the paper back to the issuer is a common feature, limiting the risk to investors of a subsequent fall in the

In addition, the option can be exercised at any time in the event

See BONDS, Page 17

# **Currency Rates**

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# Last Week's Markets All figures are as of close of trading Friday

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# N.Y. Bank Has 46%

Of Irving

Hostile Bidder Extends Tender

Compiled by Our Staff From Disputche NEW YORK — Bank of New York Co. says that it has acquired 46.6 percent of the shares of Irving Bank Corp. and that it has extended its hostile tender offer for five days, until Wednesday.

The announcement Saturday was Bank of New York's latest move to defeat a friendly offer by an Italian bank, Banca Commerciale Italiana, for control of Irving. The Bank of New York said that

as of the close of business on Fri-day. 7,684,394 Irving shares had been tendered and not withdrawn. Irving has been fighting Bank of New York's advances since Sep-tember, Bank of New York is offering 1.575 of its common shares and \$15 in cash for each of Irving's 18.1 million common shares in a merger valued at \$1.08 billion.

Bank of New York has set several conditions on its bid for Irving. including elimination of "poison pill" provisions. Bank of New York is also waging a proxy fight to gain control of Irving's board. Irving's board has approved an

offer by BCI, Italy's second-largest bank, of \$75 cash per share for 8.5 million shares, or 45 percent of Irving, in a transaction valued at \$638 million.

Financial analysts say they see Bank of New York's offer as superior. A Merrill Lynch analyst, Law-rence Cohn, said, "Based on what I have seen so far, Banca Commer-ciale can't afford to raise the bid or

is unwilling to."
On Friday, a New York State Supreme Court judge ordered Irving to convene its annual meeting briefly on Saturday and adjourn it until May 6, when he said votes for the proxy fight would close. The ruling gives Irving share-holders until May 6 to choose

whether to elect a slate of 16 directors proposed by Bank of New York or to vote against those direc-tors, which would have the effect of supporting Banca Commerciale's bid. The judge's ruling slows the attempt by Irving to bring about a heated auction between the suitors.

# 'Circuit Breaker' Turns Off Experts

### **Even Its Backers** See Stock Brake As Weak Device

By James Sterngold

New York Times Service NEW YORK — As the stock market went into its chaotic tailspin Oct. 19, the New York Stock Exchange struggled to keep trading open and preserve a

bedrock principle: that the ex-change provides a marketplace where investors can always buy or sell stocks at fairly determined prices during operating hours.

Protecting that principle of liquidity became a source of great pride for the exchange, Now, though, in a remarkable philo-sophical shift, the New York Stock Exchange is nearing an agreement with other exchanges

and U.S. government officials on a plan that would halt trading in times of stress.
This so-called circuit breaker would shut down the markets temporarily if they swung too widely, with moves of 150 to 300 points on the Dow Jones indus-

trial average being discussed. Few market experts, however, including most of those devising the circuit breaker, see it as a meaningful tool to prevent a stock market crash. The circuit breaker concept, they say, could prove a counterproductive response to the market flaws ex-posed by the October crash. "I think this will scare what

few small investors are left away from the market," said Roberta S. Karmel, an NYSE board member and former member of the Securities and Exchange

"Clearly, some people like this because it is a catchy phrase that the public can understand easily," she said. "But the point is that closing the market is an admission of market failure. It is not fixing anything. This is being done because it is the politically expedient thing to do."

At the least, the experts said, the measures may mislead the public into believing that a cure-all has been found, when the industry is far from agreeing on solutions to complex and politi-cally thorny issues that might do more to restore stock market in-

tegrity. Even John J. Phelan Jr., who



Black Monday: Should market ever be brought to a halt?

as chairman of the NYSE is a major participant in the discussions, expressed deep misgivings. This may have some value in giving everyone a breather, but this is no cure-all," he said. "It's become a very trendy thing to talk about circuit breakers."

He said the proposal resulted largely from a desire by Wall Street and U.S. officials to demonstrate that they had been tak-ing some kind of action to bolster the market system since the crash.

"If you decide to close down markets at 75 points or 100 points or 150 points, you tend to give people the idea that the markets are safe, that there is no risk," Mr. Phelan said. "But they aren't. They are full of risks."

Among the plan's backers is Leo Melamed, a senior official at the Chicago Mercantile Ex-change, the key market for trading stock index futures contracts. But even he is lukewarm to the circuit breaker concept, seeing it

only as a step toward meaningful He said a shutdown was not an

ideal solution, but added: "It is not a small item - it is high on my list of priorities. The point is that if we can get by this issue, we can get to some of those other

Some expens fear that shutting down a runaway market, never tried in the modern U.S. market system, could add to the panic of investors. They would suddenly find themselves holding securities of uncertain value with no ready way of trading

In recent weeks, Mr. Phelan and Mr. Melamed have come close to agreement with other in-dustry and government leaders on a plan to stop all securities trading temporarily in a coordi-nated fashion after a certain level

Some of the leading stock trading houses on Wall Street See MARKET, Page 19

# **GM** Is Dropping Firestone as A Tire Supplier

AKRON, Ohio - General Motors Corp. is dropping Firestone Tire & Rubber Co. as a supplier of tires for new GM cars and trucks, which account for about 20 percent of Firestone's production in the United States, the companies said

The unexpected development came as Firestone shareholders are preparing to vote Monday on a \$2.6 billion buyout offer from Bridgestone Corp. of Japan, although Firestone said the GM move would

not affect the merger plans.
In agreeing to acquire Firestone,
Bridgestone indicated that the
merger would help it become a global tire maker. In addition to its production and marketing capaciry, the Japanese company cited Firestone's role as an original equipment supplier — Bridgestone's weakest area — to Ford Motor Co. and GM as a rationale for

the acquisition.
Firestone said it learned of GM's planned phaseout on Friday. There was no immediate comment from

John J. Nevin, chairman and chief executive of Firestone, said in a statement that he was "surprised and disappointed" by GM's move, but that Firestone was confident it would find other markets for its

tires without hurting profits.

GM plans to reduce Firestone's role as a supplier significantly in the second half of this year, and will eliminate the tire maker from

its supply base over a period of up to two years, Firestone said. A GM spokesman, James Crellin, said in a telephone interview from Detroit that the move was part of the automaker's "ongoing supplier-rationalization study a periodic review of suppliers' capacity and future needs — and he indicated that it was not linked to the impending buyout by Bridges-

tone.
"We've got four other tire suppliers: General Tire, Goodyear, Michelin and Uniroyal-Goodrich,"
Mr. Crellin said. "There are no plans to look for another supplier at this time. We will be informing the other four tire suppliers of the availability of increased business.

Mr. Crellin declined to say how long the phaseout would take, and he said it was GM's policy not to discuss the amount of business it

does with any suppliers.

GM's biggest tire supplier is Univoyal-Goodrich, which supplies 34 percent of its tires, according to

See TIRES, Page 19

### Lawson Opposes A Further Rise For the Pound

Compiled by Our Staff From Dispatches LONDON — Nigel Law-son, the chancellor of the Exhequer, said on Sunday that he did not want to see a further rise in the value of Britain's pound because recent gains ooked unsustainable.

"I certainly do not want to see the exchange rate appreci-ate further," he said in a television interview with the British Broadcasting Corp. "An un-sustainable appreciation does no one any good and is damaging for business and indus-

The pound rose to 3.1600 Deutsche marks before easing

slightly on Friday.
Strong overseas demand for the pound is putting pressure on the government to sanction a further cut in bank base interest rates from the current 8 percent level. Britain has cut interest rates twice in recent weeks to try to arrest a rise in the value of the pound that is pinching export receipts.

Until early March, Britain had held the pound below 3 DM for about a year through intervention on currency mar-kets. But sustained intervention is inflationary, and Mr. Lawson noted Sunday, "We are certainly interested in the maximum possibility of ex-change rate stability within the context of sound anti-inflation (Reuters, AP)

# U.S., Japan Fail Again dilution of existing stockholders. A moot point for the market is whether Swiss Bank Corp. is simply doing its utmost to be fair or whether it is really tilting in

By Patrick L. Smith

International Herald Tribune TOKYO - In a series of talks tive, Clayton K. Yeutter. that ended over the weekend, U.S. and Japanese officials failed to mg the issue to a decisive phase.

Both sides left the bargaining ta
Prime Minister Noborn T

ble Saturday saying they were more divided than when the talks began The failure casts further doubt on whether the conflict on agricul-

tural imports, which has emerged as a critical trade issue in the past month, can be resolved without resort to the Geneva-based General Agreement on Tariffs and Trade. "I'm nervous about this; I don't like the vibrations right now," said Michael B. Smith, deputy U.S. trade representative and head of

point of view, we've moved further The chief Japanese negotiator, Hidero Maki, echoed this assessment. He described the U.S. position on farm imports as consisting

of excessive demands.

Takashi Sato, Japan's agriculture, forestry and fisheries minister, is scheduled to leave Tokyo on Toesday for what is expected to be

a final round of talks in Washington with the U.S. trade representa-

Mr. Sato's previous talks with Mr. Yeutter broke down just before reach agreement on Japanese im-ports of beef and citrus fruit, bring-which Japan controlled agricultur-Prime Minister Noboru Take-

shita is to meet Monday with government officials and senior mem-bers of his Liberal Democratic Party to decide what compromises Mr. Sato should deliver. Mr. Sato is expected to propose

liberalizing Japan's beef market over a three-year period — a con-cession of two years — and its market for oranges and orange juice over five years, Japanese newspapers reported Sunday. This would be contingent, how-

ever, on Mr. Yeutter's accepting "a the U.S. delegation. "From my low import surcharge after liberalization," the reports said, quoting government officials who were not identified. Japanese officials indicated Sun-

day that they were now seeking a "political solution" to the liberalization issue, meaning one involv-ing senior officials that takes into See FARM, Page 19

# Orders for U.S. Machine Tools Fell in March, Rose in Quarter

By Kurt Eichenwald New York Times Service

NEW YORK -- Orders for U.S.made machine tools fell 14.6 percent in March from the previous month, to \$254.40 million, according to a report scheduled to be made public Monday by the industry's trade association.

increase over March 1987, the trade association, the National Machine Tool Builders' Association, said in its monthly report. Despite the March decline, orders for all of the first quarter were sharply higher than in the previous

But the monthly figure for

March represented a 54.9 percent

year. Orders for the first quarter totaled \$849.95 million, a rise of 83.3 percent over the first quarter Industry experts said that because of the increases earlier in the year, the March results were posi-

tive, representing a favorable ex- metal increased 31.3 percent in change rate, a strong rate of in-crease in capital goods exports and a growing cost competitiveness of the manufacturing industries in the "Although March orders declined slightly from February, it

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ruary, the overall picture remains very encouraging. Comparing 1988 figures to those for 1987, we see an across-the-board rise."

Machine tools are power-driven devices that cut or shape metal parts. Economists consider their sales to be a major indicator of capital spending by the makers of such metal products as automobiles, airplanes and other manufactured goods.
Orders for metal-cutting tools.

including lathes and boring mills, fell 23.4 percent, to \$191.85 miltion, from their level in February. Metal-cutting machines typically account for about two-thirds of the industry. For the first quarter, orders for such tools totaled \$666.20 million, a 104.3 percent increase from the same period a year earlier.

In the metal-forming segment of

the industry, orders for such tools

as large presses for making sheet

March, to \$62.55 million, from February levels. For the first quarter, orders to-taled \$183.75 million, up 33.5 per-cent from the corresponding period

Total machine tool shipments chimbed 24.5 percent in March was still a good month," said James A. Gray, the association's presi-dent. "Following January and Feb-from \$166.45 million.



# HYPOBANK INTERNATIONAL S.A.

# HEALTHY GROWTH IN 1987

👣 1987, Hypobank Inter-Inational S.A., Luxembourg, again achieved satisfactory growth in both its broadly-based Euromarket business as well as in profitability.

During its 15th year of op-erations in Luxembourg. the bank's balance sheet total reached DM 7.52 billion and operating income was up 5%.

Afull 75% of the loan port-folio was concentrated in Western Europe, with the largest part accounted for by West Germany. The Bank strengthened its position in interbank money market trading and expanded its overall securities-trading activities.

Drivate banking activities I made a positive contribution to operating income. In addition to the traditional investment opportunities, all the major new instruments such as stock and bond options and futures, etc., were made available for high net-worth private clients.

At year-end 1987, share ca-pital was unchanged at DM 80 million and total net worth amounted to more than 3% of the balance sheet total. The Bank's shares were held by Bayerische Hypotheken- und Wechsel-Bank AG, Munich.

Por your copy of our 1987 annual report, we invite you to contact us at: HYPOBANK INTERNATIONAL S.A., 37, bd du Prince Henri, PO. 453, L-1724 Luxembourg. Telephone: 4775-1; Telex: 1570.

### Highlights of the Balance Sheet for 1987

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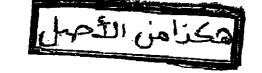
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New International Bond Issues

Compiled by Laurence Desvilenes

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Noncollable, Fees 185%

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Enked to the price of the Japanese government band futures contract due Dec. 1990. Fees 1976. Denominations 100

Noncollable, Reclamation amount at recturity will be linked to

then and at materity linked to the performance of the Nildes stock index. Fees 11/%. ampble and callable in 1991, with redemption am

Redgemoble and colloise at 103% in 1991. Fees 1%%. Denominations 10 million yen.

Redeemable and callable at 95% in 1991. Proceeds 5 billion yen, Fees 1%%. Denominations 10 million yer.

Noncollable. Redemption amount at maturity will be linked to the performance of the Nikkei stock index, but will not exceed part. Fees 11/1%.

98.25 Coupon indicated at 6% to 7%%. Convertible at an expected 20 to 25% premium. Fees 25%. Terms to be set April 28.

104.00 Coupon indicated at 46%. Noncallable. Each \$5,000 note

101.00 Coupon indicated at 41/3%. Noncollable. Each \$5,000 note

105.50 Nancaliable, Each \$10,000 note with one warrant exerci-oble into company's shares at 1,558 yen per share and at 125 yen per share. Fees 2646.

102.50 Noncollable. Each \$5,000 note with one warrant exercisable into company's shares of 882 yen per share, and at 125.40 yen per dollar. Fees 24%.

102.00 Noncollable. Each \$5,000 note with one warrant exercisable

99,00 Coupon indicated at 41/%. Noncallable, Each \$5,000 note

100.00 Coupon indicated at 4%%. Nancallable, Each \$5,000 note

102.00 Noncollable. Each \$5,000 note with one warrant exercisable into company's shares at 958 yen per share and at 125 yen per dollar. Fees 24%.

102.50 Coupon indicated at 41/%. Noncallable. Each \$5,000 note

106,00 . Nongallable. Each \$5,000 note with one warrant exercisable into company's shares at 1,476 yen per share and at 124.75 yen per dollar. Fees 26%.

100:00 Coupon indicated at 41/76. Noncallable. Each \$5,000 nate

olders of company's 8% bonds due 1994.

25/1%

with one warrant exercisable into company's shores at an expected 25% premium, Fees 25%. Terms to be set April 28.

with one woman't exercisable into company's shares of an expected 25% premium. Fees 25%. Terms to be set April 27.

into company's shares at 954 yen per share and at 125.40 yen per dollar. Fees 176%.

with one warrant exercisable into company's shares at an expected 25% premium. Fees 2%%. Terms to be set April 27.

with one worrant exercisable into company's shares at an expected 299% premium. Fees 249%. Terms to be set April 28.

with one warrant exercisable into company's stores at an expected 254% premium. Fees 254%, Terms to be set April 27.

Coupon will rise to 894% in 1993. Callable at 105 in 1993.

with one warrant exercisable into company's shares at an expected 24% premium. Fees 24%, Terms to be set April 27.

Redeemable every year starting in 1993 to yield 9.45%. Collable at par in 1998. Conventible at 324 pence per share, a 15% premium. Bonds are affected to shareholders, and

Semionnually. Redeemable at par in 1993. Convertible of 1,510 French francs per share for 2 years, and at 1,800 francs thereafter. Fees 21/26, Denominations £ 10,000.

Semiconnucily, Redeemable at par in 1973, Convertible at 1,510 French francs per share for 2 years, and at 1,800 francs thereafter. Fees 247%.

ertible at \$29% per share, on 11.2% premium. Fees

de in 1991 with red

1992 71/6 1011/4 99.38 Noncollable, Fees 11/1%

1993 7% 101% 99.13 Nancollable, Fees 1%%.

Aus\$ 75 1993 121/2 1013/4 99.88 Noncolloble, Fees 2%.

Aus\$ 60 1995 121/4 1011/4 99.75 Noncolloble, Fees 21/4%.

Aus\$ 75 1993 121/4 1021/6 100-28 Noncolloble, Fees 2%.

Aux 150 1991 12½ 101½ 99.75 Noncollable. Fees 15%.

Aus\$ 75 - 1990 1214 1911/2 100.05 Noncolloble. Fees 11/%.

101%

1991 121/4 1011/2 99.88 Noncollable. Fees 11/74.

7993 13% 101¼ 99.75 Noncollicible, Fels 2%.

1993 1214 101% 100.13 Nancollable, Fees 2%,

Terms

Over 6-month Liber, Noncollable, Fees 0.11%, Denominations \$100,000.

Over 3-month Libor until 1992, and 0.17 over thereofter. Redeemable at par in 1992 and callable at par in 1993. Fees

tions £10,000.

100.00 Noncollable. Feet 26%. Also 500,000 two-year warrants, priced at 11.85 marks each, entiting holders to buy \$100 at

Coup. Price

1992 0.18 100.10

1995 0.10 100

1990 8% 101

1991 81/2 1011/4

1990 8¼ 101,10

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Y 5,440 1993 5 1/16 101%

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1993 91/4 1011/4 99.38 Nancollable. Fees 116%.

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Hydro Quebec

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Australian Trade

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and the second s Kuwait Investment Agency Buys 7.4% of Brazil Fund

New York Times Service WASHINGTON - An investment arm of the Kuwait government has purchased a 7.4 percent holding in Brazil Fund Inc., a single-country closed end investment fund.

In a filing with the Securities and Exchange Commission, the Kuwait Investment Authority said that it 

for investment purposes only.

The Brazil Fund, based in New York, has 12 million outstanding shares. The fund was offered to the shares. The fund was offered to the public on March 31 by First Boston the Kuwaiti government purchased Corp. and Scudder, Stevens & the 893,000 Brazil Fund common Clark as investment adviser. Sin-shares on the open market for an

had bought the Brazil Fund shares popularity because they offer the advantage of investing in countries whose governments strictly limit investment by foreigners.

gle-country funds have grown in average price of \$11.84 a share.

# Belgium Raising a Loan | Tandy's Promise to Fulfill At Extremely Low Rate

By Carl Gewirtz

\$400 million loan at terms most analysts say they believe to be the lowest ever seen.

The borrower is Societé Nationale de Crédit à l'Industrie, a financial arm of the state with a govern-

### INTERNATIONAL CREDIT

ment guarantee. The five-year loan, to be used to repay existing Swiss franc debt, will pay interest of 10 basis points, or 0.1 percent, over the London interbank offered rate.

There is no commitment fee as the loan is to be drawn within one month of the signing. The front-end fee for banks underwriting \$35 million amounts to 64 basis points.

Bankers active in the market said they could not recall a fully drawn loan where lenders received less than one-eighth percent, or 121/2 basis points.

Loan officers at Société Générale, the French bank that is arranging the credit, said banks in the European Community would find the terms attractive since lending to any EC government carries zero risk weighting on the banks' capital. The income from the loan is therefore all profit.

Meanwhile, Société Générale itself announced that it had placed with investors in Japan \$372 million of 10-year subordinated debt. which counts as secondary capital for the bank. The amount represents about a 10 percent capital increase.

Société Générale can postpone interest and redemption payments if in any year it reports a loss.

Neither Merrill Lynch, which arranged the private placement, nor Société Générale would say what the rate of interest is. But sources put the all-in cost close to 40 basis points over Libor.

Bankers estimate that in the last year some \$4 billion of such private placements have been taken by Japanese institutional investors. particularly leasing companies.

This method is preferred to trying to reopen the now dormant market in listed floating rate securities. The exact terms are never fully divulged, making it easier for bor-rowers to pay whatever it costs to raise the money. Public issues are currency.

**BONDS:** 

riskier because banks never want to International Herald Tribune be seen paying more than a com-PARIS — Belgium, banking on Petitor had paid. In addition, prithe rarity of its name in the interna. Vate placements are not traded. tional credit market, is raising a avoiding the embarrassment of having an FRN trade at a price below that of other banks.

> Currently in the public market, Gulf Canada is seeking \$325 million. This will be a revolving credit for the first three years and a term loan for the final five years.

Bank of America, which is arranging the loan, said a group of dealers not yet fixed would be offering investors one-, three- or sixmonth Gulf Canada notes. To avoid Canadian withholding taxes, however, the stated maturity of the loan cannot be less than five years.

As a result, the underwriters guarantee to take up any shortterm notes not sold to investors. The banks will earn an annual facility fee of 10 basis points. The maximum interest Gulf Canada pays is set at 15 basis points over Libor, and banks underwriting \$25 million will be paid a front-end fee of 5 basis points.

The loan replaces a \$650 million credit that Gulf Canada arranged in 1986, of which half has been canceled. The company had been paying a commitment fee of 12½ basis points and a drawing charge of 37½ basis points over Libor.

The Electricity Supply Board of Ireland appointed Manufacturers Hanover Trust to arrange a fiveyear loan of 135 million Deutsche marks. This will be the first international borrowing by the stateowned ESB not carrying the explic it guarantee of the government.

This is a growing trend within Europe - France and Italy have recently adopted the same tactic of having state-owned entities bor row without a guarantee. It permits an increase in debt without the government's having to show that on its own books.

The ESB is paying 20 basis points over Libor. Manufacturers Hanover officials said the government itself would be able to borrow at least 5 basis points more cheap ly. The cost, however, will be much lower. Manufacturers Hanover officials say only that it will be "substantially" below Libor, without giving any details. ESB, for example, could have sold lenders an option to convert the loan to another

### **Euromarts** At a Glance Midi's Pricing

(Continued from first finance page) of a merger into or with any other

company if Midi is not the surviv-As the terms are widely viewed as a giveaway by the company, dealers are furious about their in-

ability to date to get any paper and should be labeled as such. But in fact, they say, many public Eurobonds come to the market with all or much of the paper "preplaced" with selected investors.

Swiss Bank Corp. officials say the perception that bonds will not be generally available is a result of the fact that it has solicited only subscriptions instead of allotting paper as orders came in. SBC said this unusual procedure was needed to cope with both the size of the offerings and the volatility of the share price.

Final allotments were scheduled to go to banks over the last week-end and trading, which has been held up by the uncertainty about who would be receiving the bonds, is to start on Monday. The market will then have a clear view whether or not it really was a private place-

ment.

Over all, the market last week was inundated by currency-sensitive, high-coupon bonds. The flow of paper denominated in Australian dollars was exceptionally heavy. Although coupon levels declined about a quarter-point over the week, yields of over 12 percent are still the near highest available. Only New Zealand dollars, a much more suspect currency, offer higher

returns. The Australian dollar sector looks like a dog chasing its tail. The more investors are attracted by the high coupons, the more they buy the currency to pay for the bonds and push up the value of the dollar. As the currency appreciates, the more investors are drawn to buy

The Australian dollar last week traded at a three-year high against the U.S. dollar at 75.5 cents, a gain of 11 percent since last October.

There was also a heavy flow of Eurosterling issues, congesting that sector as well. Expectations of continued gains against the Deutsche mark and high single-digit coupons remain the driving force.

**Eurobond Yields** U.S. S. Intil Inst. 8 yrs & over bigg issuers & ALS & Over other issuers & ALS & Over other issuers & ALS & Over Pewads starting, 5 to 7 yrs French francs, less than 5 yrs 934 12.40 14.18 Con. S. 5 to 7 yrs Aus. S. 5 to 7 yrs N.Z. S. less thom 5 yrs Yes 8 yrs & over 5.82 4.88 5 to 7 yrs

Source: Luxembourg Stock Exchange.

**Weekly Sales** \$ Noes \$ Noes 443,40 2,219,60 1,919,50 1,191,30 — — 1,60 34,00 — 150,00 9,50 1,865.50 51.30 7.568.80 679.8 1,544.90 2,276.96 9A38.80 3,889.0 Cedel

\$ Nots \$ Nots 4,972.30 10,275.30 9,045.90 11,222.80 301.50 644.60 1.202.80 804.70 1,174.40 1,172.70 6754.30 2229.30 1,440.20 157.60 2549.60 250.60 7,896.60 12,287.70 19,813.50 14,252.80 roclear, Cedel April 22 Liber Rutes 3-month 74 3 7/16 84 876 6 5/16 6-mass 7 5/16 3 9/16 8 7/16 8 7/16 672 4 1/16 Desische mark Posed sterlieg French fruit; EÇU

Treasury Bonds

84d Ask Y 98 w/2 98 2/2 98 2/2 98 2/2 99 2/3 99 1/2 97 1/2 97 1/2 99 1/2 97 1/2 99 1/2 97 1/2 95 2/2 95 2/2 102 2/2 103 1/2 98 21/2 98 21/2 31.12.89 15.13.90 31.12.91 15.02.93 15.1.95 15.11.97 15.2.08 15.8.17

U.S. Consumer Rates April 22 7.57 % Magazy Market Funds
Deposition's 7-Day Aven 628% Bank Money Market Accounts Sank Rate Monitor Index 568% Home Mortgage, FHLB overage 10.34 % Source : New York Times.

### LUXFUND

Société Anonyme Luxembourg, 2, boulevard Royal R.C. Luxembourg B - 7237

Messieurs les actionnaires sont priés d'assister à L'ASSEMBLÉE GÉNÉRALE ORDINAIRE qui se tiendra le 13 mai 1988 à 15,00 beures au siège social. ORDRE DU JOUR

1. Rapports du Conseil d'Administration et du commissaire aux comptes;

Approbation du bilan et compte de pertes et profits au 31 décembre 1987. Affectation des résultats; 3. Décharge aux administrateurs et au commissaire aux comptes;

Nomination statuaire; 5. Questions diverses.

Le Conseil d'Administration

# CD Dream Baffles Experts

Los Angeles Times Service

LOS ANGELES - It started with the dream of a compact disk that could be crased and re-recorded with music, video or computer data hundreds or even thousands of times.

On Thursday, Tandy Corp. promised that dream would become a reality, saying that within two years it would sell an audio compact disk recorder-player retailing for less than \$500. The announcement baffled electronics executives, scientists and

analysts, who are wondering how Tandy, known primarily for its Radio Shack retail outlets and inexpensive computers, achieved the breakthrough. Some wonder whether Tandy has achieved all that its announcement implies.

"Every single company with anything to do with lasers, compact disk players and disks has been trying to figure out how to do this," said Linda Helgerson, editor of CD Data Report, a newsletter in Falls Church, Virginia.

Tandy is not saying much on the subject. "We're talking about major, major secrecy here," said Ed Juge, a company spokesman. "We're doing all the things companies do to protect their intellectual

Mr. Juge said scientists at Tandy's Magnetic Media Research Center in Santa Clara, California, had been working on the technology since February 1986, after a "young Ph.D.," whom the company has not identified, developed a computer simulation for a type of compact disk that, unlike existing CDs, allowed for data to be erased and re-recorded.

The simulation had to do with a "formulated, man-made material

for the CDs," Mr. Juge said. Tandy is not the first company to announce erasable optical disks. which can offer large amounts of data storage and easy retrieval. Similar announcements have been made by Sony Corp., by Eastman Kodak's Verbatim subsidiary, and by Sharp, Olympus and Nikon. But none of the companies is shipping products in quantity, and none has targeted the consumer audio electronics market as pointed-

Sony, which is shipping small numbers of its erasable optical disk drives for testing and evaluation, says its computer drives are much harder to make than the audio drive Tandy announced Thursday. The human ear is a lot more forgiving than a computer," noted Olaf Olafson, marketing manager for Sony's Optical Division in San Jose,

Mr. Olafson pooh-poohed the Tandy announcement. "It wasn't a very detailed announcement from a technical standpoint," he said, and from a business standpoint, their product is two years away."

### Michelin's Net Profit Rose 39% Last Year

Agence France-Presse

PARIS - Michelin & Compagnie, the world's second-largest tire maker, has reported that its consolidated net profit rose 38.6 percent in 1987 to 2.65 billion francs (\$467 million).

Sales were 46.9 billion francs last year, Michelin said Friday. Of that, 80 percent came from output of plants outside France or from ex-DOFTS.



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### Summary Financial Statement as of December 31, 1987 **Balance Sheet**

A	(in million		Liabilities
Assets	III IMAIIOI		Ciabilities
Liquid Assets: - Cash, Balances on Postal Cheque		Liabilities to Banks at sight (incl. those maturing within one month)	5,633
Account and with Central Banks	1	Liabilities to Banks for agreed periods of more than one month	5,722
<ul> <li>Balances with Banks at sight (incl. those maturing within one month)</li> </ul>	5,243	Current Accounts and Deposits:  - Current Accounts (incl. deposits maluring within one month)	2.669
Balances with Banks for agreed			2,005
periods of more than one month	6,330	<ul> <li>Deposits (agreed periods of more than one month)</li> </ul>	2,556
Bills of Exchange	316	Debentures	43
Other Advances	4,141	Miscellaneous	286
Office Advances		Subordinated Loan	29
Secunties	2,384	Capital and Reserves	670
Miscellaneous	235	Provisions for Contingencies and Depreciation	1,200
Fixed Assets	190	Profit and Loss Account: - Profit for the Financial Year	32
	18,840		18,840
Proi	it and Lo	oss Account	
Expenditure	(in million		Revenue
Interest and Commissions	846	Interest and Commissions	911
General Expenses	39		
Provisions for Contingencies	215	Other Income	228

The itemized Balance Sheet and Profit and Loss Account will be published in the "Mémorial-Recueil Spécial des Sociétés et Associations du Grand-Duché de Luxembouro".

Provisions for Contingencies

Profit for the Financial Year

Depreciation

Other Expenses

For your copy of the Annual Report in English, German and French please contact:

Compagnie Luxembourgeoise de la Dresdner Bank AG - Dresdner Bank International - 26, rue du Marché-aux-Herbes, P.O. Box 355, L-2013 Luxem-

bourg, Telephone 47 601, Telex 2558 DRINT LU (ail departments); Telephone 461212, Telex 2302 DRIFX LU and 2308 DRIFX LU (Euromoney/Foreign Exchange / Precious Metals / Securities); Cable: Bankcompanie Luxembourg.

Release of Provisions for

Contingencies and Depreciation

Affiliation: Dresdner Forfaitierungs Aktiengesellschaft, P.O. Box 630, CH-8034 Zünch, Telephone 69 41 41. Telex B16 427 DEFA CH.

Compagnie Luxembourgeoise de la Dresdner Bank AG Dresdner Bank International



Branches: Bahrain, Osaka, Seoul, Singapore, Tokyo Affiliated Bank: UBAF (Hong Kong) Limited Representative Offices: Beirut, Cairo

UNION DE BANQUES ARABES ET FRANÇAISES

Main items of the Consolidated Balance Sheet as at December 31, 1987

ASSETS	
Cash and due from Banks	

Loans and Advances to Banks and Customers Securities and Investments Fixed Assets

Other Assets Total Assets

2,209,697,000 41,908,588,000 2,011,549,000 134,730,000 1,920,824,000 48,185,386,000

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Equivalent US \$

### LIABILITIES

Total Liabilities

Demand and Time Deposits Certificates of Deposits and Floating Rate Notes Other Liabilities Subordinated Loan: Reserves and retained Earnings

48,185,386,000

7,984,615,356 267,884,269 344,961,236 194,300,000 58,498,689 173,220,974 9,023,480,524

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**CONTINGENT LIABILITIES TOTAL FOOTINGS** 

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Chicago Exchange Options

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**NASDAO National Market** 

OTC Consolidated trading for week ended Friday.

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Operations division, testified that year. Usual500 pilots had left last year. Usual-

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**GM Will Cut Plants to Match Lower Market Share** 

By John Holusha New York Times Service

DETROIT - General Motors Corp., which has traditionally been the most optimistic of American automakers, is lowering its sights to cope with the competitive squeeze expected in the early 1990s.

In a presentation to securities analysts in New York, company officials said they planned to cut production capacity to match the company's fallen market share.

an interview that the objective was to be "cost competitive at roughly

resent about 37 percent of the American car market.

F. Alan Smith, GM's executive current levels" of sales, which rep-

(Continued from Page 1)

accord on production touched off a

rally in spot prices from about \$14

a barrel in early March for North

Sea Brent crude to \$17 a barrel. Even without the meeting, how-

ever, other factors were expected to

produce higher prices by year's end, many analysts said. Chief

among these factors was increasing

demand for oil products, especially

The market for gasoline in the

United States has driven up de-

mand even as Japan was been in-

creasing imports of oil. Demand

for gasoline in the United States is

expected to pick up even more this

summer as a result of the weak

dollar, which will encourage vaca-

tioners to stay home rather than

travel overseas and will bring trav-

elers from abroad, said Phil Ver-

leger of the Institute for Interna-

Helping offset the increase in de-

mand, however, is a relatively high level of inventory, especially in

2 Cable Concerns

NEW YORK - Comcast Corp.

and Tele-Communications Inc. will

Plan to Buy SCI

tional Economics

nounced Sunday.

provals.

dent. also said the company planned to be operating its plants at 100 percent of capacity by 1992, which means it could increase output only slightly through the use of

**OPEC:** Talks With Nonmembers

overtime if sales were to improve. The new strategies amount to a stunning turnaround for General vears ago were confidently predict-

Robert C. Stempel, GM's presi-

Motors, whose officials just a few ing that it would regain 45 percent or more of the domestic car market By acknowledging that the com-

the peaks.

pany will have to be pared down to roughly fit its current sales level,

ocean tankers. A recent Shearson

Lehman Hutton research report in

London noted estimates that 90

million to 100 million barrels of

new floating storage had accumu-

analysts said.

General Motors is following the lead of Ford Motor Co. and Chrysler Corp. Both those companies had decided to avoid the dangers at the bottom of the automotive sales cycle rather than try to reach for

GM's shift also effectively concedes a big sector of the market to imports and the Japanese companies that have built or are building

U.S. assembly plants. GM's share of the U.S. car and truck market has fallen from 44.1 percent in 1980 to 34.7 percent last year. Throughout that period, company officials routinely issued optimistic forecasts of improved sales and scheduled production to meet

the forecasts. The result has been recurring gluts of cars on dealers' lots and the use of financial incentives to stimulate sales. But incentives are expen-

According to an analyst who attended Friday's meeting. GM is projecting that it will spend \$3.3 billion on incentives this year, up

\$600 million from 1987. By more closely matching production capacity with what officials termed "a volume outlook that is realistic," GM is evidently

hoping to save on incentives as well

as run its plants at a efficient level

Mr. Stempel also said General Motors was planning to trim its components-making operations and buy from outside sources those parts it cannot competitively pro-duce. The contract GM signed with the United Automobile Workers last year reportedly included a ban on plant closings and on layoffs for any reason but a drop in sales. However, Mr. Stempel noted that the manufacture of certain components could be ended without closing plants, according to an analyst.

# TIRES: GM Dropping Firestone

(Continued from first finance page)

estimates by the trade publication Modern Tire Dealer.

Nordine Ait-Laoussine, president of the Nalcosa consulting concern, based in Geneva, said OPEC and non-OPEC countries would have to reduce total production by chelin & Compagnie of France was a million barrels a day through the fifth with 4.5 percent. end of the year to get the price up to

OPEC's official price of \$18 a barrel. That would translate into about \$19.50 for West Texas Intermediate, the benchmark U.S. crude. Mr. Ait-Laoussine, a former sein annual sales. nior Algerian energy industry offi-

cial, strongly urged OPEC to bring "I think the only thing that could stone, its fourth-largest tire suppli-

solve the problem is if all the countries were members of the same organization," he said. For non-OPEC countries, the benefits of cooperation would be

significant. These countries seek prices high enough to allow them to recover the investments in exploration, drilling and production they purchase SCI Holdings Inc. for made earlier in the decade. \$1.55 billion, the companies an-Cris Rowland, an energy analysi

ounced Sunday. for Barclays de Zoete Wedd in The three cable television com- London, said, "My guess is that panies said they had entered into a we'll get a promise of cooperation. He said it might involve "total definitive agreement providing for the acquisition of 100 percent of cuts of 500,000 barrels a day for the the stock of SCI by new entitities to next two or three months. be formed by Comcast and TCI. This would mean cuts of This would mean cuts of 200,000

The deal, expected to close this fall, to 250,000 barrels a day from nonis subject to several conditions in- OPEC sources, pledged on the concluding regulatory and other apdition that OPEC reduce by a similar amount, he said.

SCI owns and operates cable Observers said they expected television systems in 12 U.S. states. that Iran, Libya, Venezuela and Al-Its television properties were regeria would be leading advocates of cently sold for \$1.37 billion. "I am an OPEC production cut to bolster pleased to see that the company is prices, and that the Saudis, backed by Kuwait and the United Arab being transferred into the hands of cable operators who have a long-term view of our business," said Emirates, were likely to resist unless assured of help from the non-Kenneth Bagwell, president of SCI. OPEC producers.

lated since the beginning of 1988, "largely to accommodate unwant-ed OPEC production."
From OPEC's point of view, the

best strategy for strengthening prices is to cut production, most Goodyear was second with 22.5 percent and Firestone third with 20 percent, according to the publication. General Tire, a unit of Continental AG in West Germany, was fourth with 17.5 percent and Mi-

> Firestone, based in Chicago, is the nation's second-largest tire maker after Goodyear Tire & Rubber Co. Tires account for nearly 70 percent of Firestone's \$4.2 billion

Firestone said that it had told Ford of GM's move and that it had been authorized to say in its statement that Ford had no plans to change its relationship with Fire-

Firestone agreed in March to be acquired by Bridgestone for \$80 a share after it became the target of an unsolicited offer by Pirelli SpA

of Italy. Firestone agreed in February to sell 75 percent of its worldwide tire business to Bridgestone for \$1.5 billion, but terminated that venture after Pirelli started its attempt to

acquire the entire company. Last week Pirelli, frustrated in its bid for Firestone, agreed to buy another U.S. tire maker, Armstrong Tire Co., from Armtek Corp. for \$190 million. The sale followed a trend toward consolidation in the tire industry, caused largely by stagnant sales that are a result of greater use of longer-life radial tires.

Firestone is the fourth-larges tire maker in the world, behind Goodyear, Michelin and Bridges

the length of the transition period

Japan proposed, the amount of ac-

cess offered and the issue of "bor-

der measures." or new tariffs and

surcharges that Japan would levy

on farm products once other re-

Senior officials of the governing

party acknowledged recently that

continued protection for Japanese

farmers was seen as the key to a

strictions were lifted.

# FARM: U.S., Japan Still Disagree

(Continued from first finance page) Washington was unsatisfied with account the overall relationship between Tokyo and Washington.

Japan's imports of beef, oranges and orange juice were limited by a stringent quota system under the agreement that expired. After talks with Mr. Yeutter ended unsuccessfully, the Reagan administration asked the GATT to set up a special panel to adjudicate the issue.

The GATT panel is to convene May 4 if Tokyo and Washington do not reach a compromise.

Although the United States has demanded the immediate removal of all import quotas, Mr. Smith offered to allow Japan a limited transition period provided there was a significant increase in market access during that period. On Saturday, however, he said

compromise with Washington. Some party conservatives are known to favor a GATT decision, on the chance that proposals for surcharges would gain support within the agency.

Several hundred farmers demonstrated Saturday on the southern island of Kyushu, demolishing a U.S.-made car and burning U.S. flags and imported farm products.

# MARKET: Experts See 'Circuit Breaker' Trading Halt as a Weak Device

(Continued from first finance page)

its business decline sharply because its business decline sharply because more in an effort to get out while of the withdrawal of individual investors who have lost confidence in the market was still functioning.

What frightened both the public and Wall Street professionals Oct.

cations, consumer protection and In theory, a circuit breaker finance subcommittee, which is would calm emotions and restore

vamping issues. selves safer," Mr. Markey said.

Option & price Colls

Experts say there are several reahave said they worry that a circuit sons a shutdown would not necesstudy of the crash that joited many breaker may do more harm than sarily stop a crash. First, even if the with its descriptions of the influ-We are certainly not in favor of limit, nothing would necessarily exert over the stock market. Indus-

Also, traders say there could be a dent of the consumer markets divi-sion of Merrill Lynch & Co., the "gravitational" effect, in which, as largest U.S. retail broker. Merrill the Dow moved toward its limit. Lynch, like other brokers, has seen investors would rush to sell even

the market.

"What this is doing is getting the ambulance ready to speed to the scene of the accident," said Representative Edward J. Markey, Democrat of Massachusetts, chairman cause only ad hoc measures helped restored to the market.

19. when the Dow plunged 508 points, was not just the fall but how it raced out of control. Regulators and Congress were concerned because only ad hoc measures helped restored to the market. of the House Energy and Com-merce Committee's telecommuni-lished contingency plans.

holding hearings into market re- balance if the market grew disor- commissioner, said more time at the NYSE, which shuts down the derly. A presidential task force that should be spent on issues such as use of an electronic order system "They are doing this rather than looking at things like bringing down the speed limits and other steps to make the markets themmarket revamping package.

The SEC also issued a major market were closed after falling the ence stock index futures contracts closing down trading, because that stop it from descending just as try experts are still seeking ways to in the Dow. Trading in the contract will just make people more fear-swiftly when trading resumed if bridle the power unleashed by program trading, the interplay because the interpla tween these two markets.

These and other issues are highly charged, with Washington and Wall Street split over them.

Former Senator Nicholas F. Brady, co-chairman of Dillon, Read & index futures contracts must now Co., who was chosen by President Ronald Reagan to head the task force, expressed frustration over the lack of progress.

"What I see are turf battles," he said. "What I don't see are measures that will really help the end-users in the market."

Some moves have been made. The Merc adopted a price limit of 15 points on its Standard & Poor's 500-stock index futures contract. equal to a move of about 120 points

move beyond that barrier. Mr. Melamed also pointed out that a number of technical changes had been instituted piecemeal.

For instance, investors in stock

put down 15 percent of the value of the contract in cash, instead of 7 percent. And the Merc's private clearing house has set up a system for collecting and distributing margin deposits to investors during the trading session.

Mr. Phelan conceded that a kind Joseph A. Grundfest, an SEC of circuit breaker already instituted taken, not the first one," he said. was of minimal effectiveness.

# American Exchange Options Figures as of close of trading Friday.

| 13-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-14 | 15-1 

# Exodus of Pilots Causing Fight Cancellations at Eastern By Agis Salpukas New York Times Service NEWY YORK—An accelerating the care including the content of pilots from Eastern Abrotage that is disrupting the care includ

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59 Partner of

<u>DOWN</u>

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6 Legally

### **ACROSS** l Leatherworkers' tools 5 Knights' wives

10 Arp's art 14 Cage for chicks 15 Archie Bunker's wife

16 Actor Jannings 17 Problem solvers 20 Becomes better 21 At a rapid

22 "Let --- eat 23 Health resorts 24 Diversifies 27 A basic human

30 Actress Stewart 31 Task 32 Decay 34 Valuable vase 35 Serbs and Sorbs

36 A fine cotton 37 Wooden pin 38 Uncle Tom's — of the crop 42 Calif. raisin

43 Product from

10 Abhor 11 College town in Iowa 12 ---- cheap 13 Moreover 18 Black tea 19 Papal cape

44 Gets the point 23 What push 45 Makes irate 24 Seductive 48 Honeys woman 25 Being from 54 Iran's foe:

> 26 Grassland 27 Artie and Irwin 28 Hurons' kin 29 Kind of candle 31 Neck and neck

outer space

Shanter," Burns poem 35 Relatives by marriage 36 Renown

39 Angler's basket 41 Inflicts 42 Tentacle 44 Took an oath 45 Sale sign 46 Notorious 47 Eat like a beaver

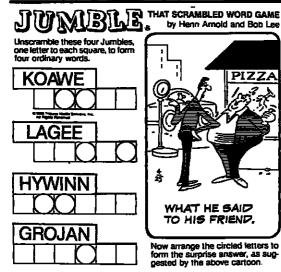
48 Hood's 49 Being part of 50 Major Hoople's expletive 51 Giant jets 53 Caviar

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### DENNIS THE MENACE



\*I ASK A LOT OF QUESTIONS BECAUSE INQUIRING MINDS WANT TO KNOW.\*



Print answer here: Jumbles: PEONY AGATE SPONGE TAMPER

# WEATHER

Answer: What an hors d'oeuvre is— AN "APPETEASER"

**EUROPE** Amsterda Amens Barcelone Begrade Berlis Brassels Budapest Capenhoth Capenhot **LATIN AMERICA** 22 72 14 57 24 75 18 64 27 61 16 61 27 81 20 68 NORTH AMERICA MIDDLE EAST <u>OCEANIA</u>

# **SPORTS**

# **SIDELINES**

NEW YORK (Combined Dispatches) — Private Terms ran his record to seven for seven by winning the Wood Memorial Stakes by 1½ lengths Saturday at Aqueduct, covering the 1½ miles (1.79 kilometers) under Chris Antley in 1:47 1/5, a stakes record. Seeking the Gold, the 2-1 favorite, was second by a nose over Cherokee Colony. All three are expected to enter the Kentucky Derby on May 7. In Hot Springs, Arkansas, Proper Reality shot through along the rail in mid stretch and pulled away to win the Arkansas Derby. Proper Reality had needed to finish first or second to qualify for the derby if more than 20 horses are entered. finish first or second to qualify for the derby if more than 20 horses are entered.

All Thee Power won the California Derby in Albany, California, by eight lengths, then broke down just past the finish line. A preliminary examination was inconclusive, said trainer Jack Van Berg. Slewbop, a son of 1977 Triple Crown champion Seattle Slew, was second with Ongoing Mister third.

(NYT, AP, UPI) (NYT, AP, UPI) three goals and the defense holding

### Beck Holds 3-Stroke Lead in USF&G Golf

NEW ORLEANS (AP) — Chip Beck shot a bogey-free, seven-under-par 65
Sahirday for a three-stroke lead over Lanny Wadkins after three rounds of the USF&G Classic golf tournament. Beck came from one shot off the pace, pulling plays, the Oilers won by 4-2 to take a away with birdies on three of the last four holes. Wadkins shot 69, falling to second

3-0 lead in the best-of-seven series. at 201 after leading for two rounds. He had taken a one-stroke lead Friday with 65.

### NCAA Broadens Investigation of Kentucky

LEXINGTON, Kentucky (AP) — The NCAA now is investigating whether the mother of University of Kentucky basketball recruit Shawn Kemp of Elkhart, set an NHL single-game playoff Indiana, had her transportation or expenses paid by the school during a campus

The probe, reported Saturday by The Louisville Courier-Journal, involves a visit by Barbara Brown last fall. The NCAA has been investigating allegations that Dwane Casey, an assistant coach, sent the father of another recruit, Chris Mills, \$1,000.

THAT MUST BE A STRANGE COUNTRY..

EVERY TIME THEY HAVE AN ELECTION

VIOLINS BREAK OUT ..

WHEN I GET OUT \ \ WHAT?

AND I BOUGHT A LEATHER WACKET TO GO WITH MY LEATHER PANTS

LIKE THE BEARD, ANDY? MY PARENTS DON'T, BUT MY GIRL. FRIBND THINKS IT MAKES ME LOOK DISTINGUISHED

# Solution to Friday's Puzzle The America's Cup syndicate of Alan Bond of Australia said it may challenge in court the decision to allow Britain to sail off against New Zealand. (AP) MARCHYEHSTOATS OLEICTTET MAI DESPOTEROASTERS HAIRPINTURN SCALLIONSELUDED TAPPENDE EGODAMEER World Boxing Association strawweight TAP EGO AMEER ELEMIS WAD PREY ANCHORAGE KANGAROO RETELL

**PEANUTS** 

BLONDIE

BEETLE BAILEY

OF THE ARMY,

GONNA DO?

ANDY CAPP

WIZARD of ID

**REX MORGAN** 

GARFIELD

THOSE TONSILS WILL HAVE TO COME OUT, MR. ARBUCKLE. I'M PUTTING YOU IN THE HOSPITAL

HOSPITAL?

KNOW WHAT I'M

For the Record The America's Cup syndicate of Alan Bond of Australia said it may challenge

World Boxing Association strawweight title Sunday in Tokyo, stopping Kenji Yokozawa of Japan.

Bill Walton of the Boston Celtics, recovering from ankle and foot surgery, will not be on the postseason roster, team officials said. (UPI)

VIOLENCE

HE MAILMAN'S MANUAL

ABSOLUTELY I I'D THINK YOU'D

WANT A CHANGE

WALKER

IT'S HER WAY OF THINNING OUT THE HERD

WHO'S GOING TO FEED ME?!!

0

EEEK!!

**NOTHING** FOR

TWO YEARS

I LIKE IT, SON I REALLY DO. SOMETHING ELSE TO GRAB IN A TACKLE

SHES

LATHER

NOM 5

HOW TOUCHING A CAT

ABOUT HIS OWNER

JON!

# Oilers, Blues, Devils, Unbeaten Private Terms Wins at Aqueduct Bruins Win in NHL

Compiled by Our Staff From Dispatches EDMONTON, Alberta - The Edmonton Oilers sent Calgary's rect as any hit in the Persian Gulf."
Mike Bullard off the ice on a Glenn Anderson made it 3-1 on a stretcher Saturday night, and at the same time dealt a brutal blow to the Flames' hopes in the Smythe Division final of the National Hockey League's Stanley Cup playoffs.
With Mark Messier assisting on

### STANLEY CUP PLAYOFFS

In Saturday night's other game, the St. Louis Blues beat the Detroit Red Wings, 6-3, to close to 2-1 in the Nortis Division.

record with eight points as the New Jersey Devils buried the Washing-ton Capitals, 10-4, for a 2-1 lead in the Patrick Division final, and the Boston Bruins beat the Montreal Canadiens, 3-1, to go ahead by 2-1 in the Adams Division.

waiting to advise referee Andy Van ley, Huddy put a drop pass from Jari Kurri past goaltender Mike Vernon. After a long discussion, the goal was counted and Bullard, the vic-

tim of McSorley's spearing, was taken off the ice on a stretcher. On the ensuing five-minute power play, the Flames failed to create

WHATEVER

Crisp, the Flames' coach. The stick "hit him below the navel. It was di-

Glenn Anderson made it 3-1 on a power play at 17:10. After Messier broke around fallen defenseman Rick Nattress, Vernon stopped Messier's shot but trailer Anderson popped in the rebound.

in St. Louis, Tony McKegney, until then shut out in the playoffs. and Gino Cavallini each scored

twice against Detroit.

The Blues got three goals in the second period for a 4-2 lead and control of the game, McKegney scoring on a two-on-one break with Dong Gilmour to give his team a 2-2 tie 1:02 into the period. Tony Hrkac made it 3-2 with 7:41 left on a power-play goal when his pass from behind the net hit the skate of Detroit defenseman Jim Pavese and slid past goalie Greg Stefan.

It was the Blues' first power-play

goal in the series, after eight unsuccessful attempts the first two games. Friday night, in East Rutherford, New Jersey, Sundstrom broke the record of seven points set and tied twice by the Oilers' Wayne Gretzky. Charlie Huddy gave the Oilers a
2-1 lead at 8:54 of the first period on
a controversial goal. With a linesman, unauthorized to stop play,

"Bat worked hard all wear and

"Pat worked hard all year and Hellemond of a spearing penalty couldn't get goals," said his coach, against Edmonton's Marty McSor- Jim Schoenfeld. "Tonight he found every hole imaginable. Everything he touched wound up in the net." Four of Sundstrom's five assists

lead after one period. Sundstrom, the playoff record for power-play. ot sure even one good scoring chance. lead after one period. Sundstrom, the playoff records asson "The whistle should have been acquired from Vancouver last sume goals in a game. (UPI) blown" immediately, said Terry mer, then took over, scoring the In Boston, Bo

four times in a Stanley Cup game.

Patrik Sundstrom of Sweden, left, set an NHL sin playoff mark of eight points in the Devils' 10-4 rout of the Canitals.

first and last of the Devils' five short-handed goal and an assist for goals in the second period, before setting up two more by Johnson early in the third period and completing his own hat trick with less than six minutes left.

The two teams also combined for playoff-record 62 penalties, 32 by New Jersey, totaling 231 minutes. The Capitals played a second straight game without injured defenseman Rod Langway, whose leg was cut by Pat Verbeek's skate in the series' first game. Verbeek, a target were on goals by Mark Johnson, who for the Capitals since, was involved became the first American to score in several scuffles Friday night, which resulted in the Devils scoring Johnson scored twice on the on three power plays. Johnson got power play to give the Devils a 2-1 all three, which gave him a share of

In Boston, Bob Sweeney got a

WORLD STOCKS IN REVIEW / Via Agence France Presse

the Bruins, who are trying to end an 18 series losing streak against the Canadiens, daing back to the 1940s. Sweeney, who set up Moe Lemay's goal 4:09 into the game, made the decisive shot with 47 series.

onds left in the second period. "That was the turning point" said Montreal's coach Jean Perron There was confusion and [our] guys didn't want to shoot the

Goaltender Rejean Lemelin, a free agent signed last summer after spending all his career with the Flames, had several spectacular saves among his 22 stops. The only shot that got by him was Chris Chelios' rebound with 3:42 left. But by that time, the Brains led, 3-0. (AP\_UPI)

THE MANUAL LIES!

### Amsterdam

Amsterdam stock prices came under slight pressure last week, partly as a result of disap-pointing U.S. trade figures. Turnover was 5.50 billion guilders, compared with 7.48 billion the previous week

The ANP-CBS general share index fell 3.1 on the week to stand at 245.6 on Friday. For the medium run, analysts said they thought the index would fluctuate in the 225-to-275 range.

# Frankfurt

Trading on the Frankfurt Stock Exchange was listless, and the Commerzbank index closed Friday at 1,377.4, off 8.9 points for the

The U.S. trade deficit continued to depress the market, and two other factors limited investor interest: what the market considered inadequate purchase terms offered by Daimler-Benz AG to holders of AEG shares (AEG lost 21.10 Deutsche marks for the week), and Porsche's announcement that it would cut its work force by an eighth.

Volume on the eight West German ex-changes totaled 10.06 billion DM, as against 14.19 billion the previous week.

The sharpest rise among popular shares was 8 for the week, and Preussag climbed 5 after its announcement of an agreement with Penar-

roya, the French mining company.

In autos, Daimler climbed 5.50, but BMW lost 5 and Volkswagen fell 1.10. Banks were also weak, with Commerzbank losing 0.50, Deutsche Bank 2.60 and Dresdner Bank 3.70.

### Hong Kong

The Hang Seng Index dropped 7.60 points in week of see-saw but moderate trading on the Hong Kong Stock Exchange, with strong sup-port emerging at the 2.550-point level. The market barometer finished the week at 2.591.35 points.

The Hang Seng fell 46.99 points in late selling Monday, but bargain hunters came to market Tuesday and pushed it back up 41.97 points. After further losses on Wednesday and Thursday in thin trading, there was a gain of 38.64 points on Friday.

Dealers said the market seemed to lack di-

rection, with investors keeping an eye on what was happening on Wall Street and in Tokyo. Average daily turnover dropped to 884.6 million Hong Kong dollars from 1.506 billion Hong Kong dollars the previous week.

### London

The London Stock Exchange had another irregular week, finishing on a weak note.
The Financial Times-Stock Exchange index of 100 stocks touched the 1,800-point barrier, but soon retreated. It finished the week at 1771.60, off 7 points for the week. Volume was generally low, as institutions remained on the sidelines. But increased bid

activity helped the market to consolidate its gains, notably the launching of a £114 million bid by Peek, the British electronics concern, for mother company in the sector, Dubiler PLC.

The market moved ahead nervously without any great direction, ahead of publication on Thursday of the British bank lending figures Thursday of the British bank lending figures for March. Announcement later of a sharp rise in lending brought a fall in the indexes, with investors wary of booming domestic consumption and abandoning hope of a cut in interest rates, feeling this will stoke inflation.

Several British companies announced encouraging annual trading results, notably the construction companies Taylor Woodrow and Costain Group PLC. Among banks, Bank of Scotland moved ahead despite creation of an exceptional provision to cover loans to the Third World.

Thorn EMI PLC announced that it was seeking to acquire Holofane, the French company that supplies blown glass to the car industry.

### Milan

Milan trading was dull last week, in the absence of institutional investors and investment funds, analysts said. The Comit index dropped to 505.97 at the week's close, from 517.0 the previous Friday.

Downward pressure came from difficulties experienced by some major groups; like Assi-curazioni Generali SpA, the insurance group that is trying to win control of Compagnie du Midi, and Pireili SpA, trading in which was suspended for two days after announcement of its restructuring plan. Generali was off by 2 percent, and Pirelli dropped 6 percent.

Fiat SpA was unchanged on the week, and

Montedison SpA dipped by 0.8 percent. Other issues in the Ferruzzi Group lost more grounds 4.8 percent for Iniziativa Meta, 8 percent for Agricola and 9.3 percent for Silos.

Among De Benedetti issues, Olivetti lost 5.1 percent, CIR 4.7 and Buitoni 2.8 percent.

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### Paris

Paris stock prices gained last week despite uncertainties relating to the presidential election. The CAC index finished Friday at 308.0. up from 296.8 the previous Friday.

Analysts said the good performance was surprising, since pre-election periods are generally not favorable to stock prices. But they noted that business was in good shape and had announced some very good results for 1987, SAFE, an association of financial analysis said that it expected an average rise of 20

percent in company profits this year and that this could spill over into stock prices. Another explanation for the good showing was that foreign investors apparently believe Paris has lagged some other bourses in recover-

ing from the sharp market downturn last year. Analysts said that the apparently narrowing margin in the presidential election meant whoever wins would have to "govern from the center and that foreign investors liked the

### Singapore

Share prices recovered slightly on the Singapore stock market in fairly active trading.

The Straits Times Industrial Index advanced more than 11 points Friday. The indicator finished the week at 955.77 points, up 22.33 from the week before,

The week began on a cautious note. But volume climbed considerably on the last two volume climbed considerably on the last two days on bargain-hunting and speculative buying. Singapore-based counters gained modestly and Malaysian issues continued to dominate trading largely due to buying by foreign fund managers. Plantation stocks were sought as a result of improvements in commodity prices.

A total of 96.1 million units valued at \$10.5 million changed hands during the week. The most active stock was DBS Land, with 5.9 million shares traded.

### Tokyo

million shares traded.

The Nikkei stock average, the key indicator of the Tokyo Stock Exchange, topped the 27,000-yen mark Saturday for the first time since April 14, hitting a record 27,111.35.

The average of 225 blue chips closed the week at 27,058.37 for a 164.80 weekly advance. It gained 221.25 in the half-day session.

The market got off to a bad start Monday, with the Nikkei losing 222.12 yen. Many investors took to the sidelines after the April 14 record high. The bearish mood carried over to record high. The bearish mood carried over to

record high. The bearish mood carried over to Tuesday, with many issues going down under the pressure of profit-taking.

Some institutional investors returned to the market Wednesday to buy on weakness, particularly high-tech issues like Toshiba Corp. and oil stocks after rises in spot oil prices.

The Nikkei posted a 207.09 gain on Tuesday and Wednesday combined. But bullish settlement did not last as Wall Street declined, and the Nikkei lost 35.9 on Thursday. It rebounded slightly Friday with a moderate 8.96 advants. The market perked up Saturday with many investors, including foreigners, buying grant capital stocks like Nippon Steel, Kawasaki Steel and electronics companies. Steel and electronics companies.

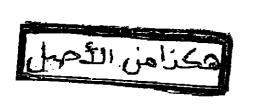
Turnover was moderate, with 663.8 million shares changing hands a day, down from 992 million shares the previous week. The value of stocks traded fell to 657 billion yen a day, down from 1062 million yen a day,

down from 1.062 trillion yen.

Market analysts predicted quiet trading the next two weeks, during which the market will be closed for four days for holidays.

### Zurich

Zurich stock prices dropped every day in the four-day trading week, and the Credit Silver index finished at 446.8, down from 455.6. Analysts said the steady drop and low rolume were a result of uncertainty caused primarily by announcement of a lower dividend for Pirelli shares, considered as virtually equivalent to bonds, and by restrictions announced by Sandoz Ltd. and Ciba-Geigy AG on acquisition of registered shares. The decline hit almost all sectors.



# **SPORTS**

# tions in Territor As NFL Draft Starts, a to leave their homes on the As NFL Draft Starts, time an a week maposed lar. Locale Is Defense intered had been related to the April 16 are to the 100,000 and the Football League's college draft, the Football League's

The Raiders were the first team to make two selections. Using a make two selections. Using a first two cavities from Neil Smith of Nebraska.

The Raiders were the first team make two selections. Using a make two selections. Using a pick acquired last week from Housing a make two selections. Using a pick acquired last week from Housing and the Falcons to a five year, \$4.1 miles in the Georgian last mounts of meeting at mounts

The Seattle Scahawks signed new best pass-rushers Nebraska has had the incerplant of the two the incerplant picks gotten from Kansas City, picked All-America free safety Stoutfer Friday and sent future Bennie Blades from Miami of Floral draft picks to the Phoenix Cardinals ida's national champions. He led as compensation after safety Kenny the nation with 10 interceptions in biothest defensive a degenerated kidney, The Associations of the property of the nation with 10 interceptions in the nation with 10 interception with 10 interception with 10 interception with 10 interception with 10 interception Easley was found by doctors to nave U.S. Subject of States and was highest defensive a degenerated kidney. The Association States of Sta d fire Sales and back picked since 1963, when St. back picked since 1963, when St. protected his selected Jerry Stovall of Louprotected his selected Jerry Stovall of Louprotected his selected Jerry Stovall of Louprotected his selected Jerry Stovall of Louout what would have been his rookie
year in 1987 in a contract dispute
with the Cardinals.

The Tampa Bay Buccaneers endwith the Cardinals.

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The Tampa Bay Buccaneers endwith the Cardinals.

More than 500 people of the can play anywhere on the line.

The Cincinnati Bengals went back to defense and took another free safety, Oklahoma's Rickey who is considered equally free safety, Oktanoma 5 Access of Stand was the leading proficient at considered equally proficient at cornerback. He had eight interceptions in 1987 and set a single-season school mark with a single-season school mark with 214 yards on interception returns.

The Los Angeles Raiders, picking at at semi-stage intercent significant semi-stage into the popular and at semi-stage interception returns, the Los Angeles Raiders, picking significant in the popular scales. The Brown, Notre Dame's called a leasured through the popular scales and the semi-stage interception returns, the Los Angeles Raiders, picking at the los Angeles Raiders, picking at the

finished as the all-time Irish leader with 2,493 reception yards and 1,613 aice fav icitis majors a leg. It was the earliest a Notre Dame resultae pro seed evaniment all when defensive tackle Steve Niewhere second by Seattle. The Green Bay Packers used alcost 14 of their 15 minutes before
laking wide receiver Stedling Sharpe of South Carolina, who at 5-11, 197, with 4.44 speed, was one of the most

versatile in the country.



A dash proved faster than a crawl as the Phillies' Mike Schmidt got the tag before the Expos' Herm Winningham could get back to second.

# U.K. Sets Long Inquiry,

announced Sunday a three-man committee of inquiry into runner Zola Budd's eligibility, and the world governing ic Federation, said that it had not threatened to bar all British athletes from international competition, including

After a two-hour meeting Sunday, board spokesman Tony Ward said that the BAAB had set up a three-man committee to report back May 21, five days after an IAAF imposed deadline, after hearing evidence from Budd. Meantime, he said, Budd has been asked not to take part in international competition.

Ward also said that "It appears that the IAAF has lifted

meeting of the International Olympic Committee, the IAAF's president, Primo Nebiolo, said, "We have never mentioned the idea of the suspension of the British board." He said the IAAF "will wait for the report of the committee and we will reflect. We have taken into consid-

# Knicks, Bullets Get Last Playoff Spots

LANDOVER, Maryland - The New York Knicks and the Washington Bullets, on the penultimate night of the National Basketball Association's regular season, gained the last two spots in the playoffs Saturday night.

The Bullets, who were ensured a playoff berth when Philadelphia lost to Cleveland, got off to a fast start on the shooting of John Williams and outlasted the Atlanta Hawks, 106-96. Patrick Ewing led the Knicks to a thrilling 88-86 victory in Indianapolis that eliminated the Indiana Pacers.

In one of the craziest finishes of the season, neither the Pacers nor the Knicks scored in the last 2:04. Both teams were guilty of several mistakes after the Pacers' Steve Stipanovich sank two free throws to cut the Knicks' lead to 88-86. With one second remaining, Stipanovich drove for the basket and tossed up a short shot, but it bounced off the rim and the Knicks were in the playoffs.

Ewing, mobbed by teammates in a pileup under the basket after Supanovich missed, had 19 points and 10 rebounds, with his play in the stretch drive proving the difference. In the hectic fourth quarter, the Knicks, trailing by 72-70, scored 11 points in a row before the Pacers turned around and scored nine straight to tie at 81.

Both Washington and New York finished with 38-44 records. Indiana, which seemed to have a playoff berth assured a month ago, also finished 38-44 but lost out

because of a tie-breaking procedure. The Bullets got seventh place because they had a 7-5 record in games with the other two. The Knicks were 6-5 and finished eighth. The Pacers (4-7) were ninth and out.

The Knicks' celebration may be short-lived: They face the Boston Celtics in the best-of-five opening series. The Bullets will play the Detroit Pistons. Williams scored 15 points in the first quarter as the Bullets built a 28-16 lead, then steady Moses Malone took

rebounds to keep the Hawks at bay. The Hawks, who needed to win to be assured of the thirdbest record in the East, lost mainly because Dominique

Wilkins made only six of 20 shots. In Richfield, Ohio, the Philadelphia 76ers were eliminated from the playoffs for the first time in 13 years when they were beaten, 104-99, by the Cleveland Cavaliers. Mark Price, who wasn't expected to play because of an ankle injury, scored 20 points in the second half.

In Salt Lake City, John Stockton set an NBA single season record for assists and Karl Malone scored 31 points as the Utah Jazz beat the Houston Rockets, 125-107. Stockton had 18 assists to finish with 1,128, breaking the mark of 1,099 set by Kevin Porter of Detroit in the 1978-79 season. Stockton also scored a career-high 27 points. (LAT, AP)

# Orioles Lose 18th As Royals Sweep **Kansas City Series**

KANSAS CITY, Missouri --The Baltimore Orioles sank to 0-18 Bret Saberhagen pitched a six-hit-ter and the Kansas City Royals eight opportunities. won 3-1.

The victory was the sixth for the

The Orioles' slide is the longest A's in seven games. in the majors since the Washington Senators dropped 18 straight in wankee, Roger Clemens pitched a 1959 and the streak tied the Sena-three-hitter and shut out Milwautors for the fifth-longest in Ameri- kee for the second time this month can League history.

The modern major league mark tive victory. is 23, set by the Philadelphia Phil-Clemens, and their team mark for consecu- and walked none en route to his tive losses - not including five 13th career shutout.

kept the Orioles in a scoreless game born in the eighth as New York until Kurt Stillwell hit a solo home stopped Toronto's five-game winrun in the fifth inning.

Danny Tartabull hit a two-run

homered with one out in the ninth. The Orioles entered the day as the Whitt, the catcher. poorest-hitting team in the major .118 with runners in scoring posi-

over. The veteran of the playoffs got 24 points and seven Saberhagen, 2-2, finished for the first time in five starts, striking out

four batters. The Royals completed their sechad lost five straight, which was the second-longest losing streak in the majors, before the Baltimore series began.

Athletics 5, White Sox 3: In Chicago, Jose Canseco hit a three-nm homer into the upper deck in left field in the third inning as Oakland defeated the White Sox.

Oakland's Bob Welch, 2-2, gave up three runs and five hits in 71/3

### SUNDAY BASEBALL

on Sunday afternoon and stumbled innings, including two homers by closer to the worst losing streak in Don Pasqua. Dennis Eckersley remajor baseball league history as lieved Rick Honeycutt in the ninth

Red Sox 4, Brewers 0: in Mil-

as Boston posted its fifth consecu-Clemens, 4-0, retired 17 straight lies in 1961, and the AL record is batters after yielding a check-swing 20. The Orioles extended their re- single to Glenn Braggs in the seccord for season-opening defeats and inning Clemens struck out five

Straight losses to end exhibition play.

Yankees 5, Blue Jays 3: In New York, Rickey Henderson scored Mark Thurmond, 0-4 and with. the tie-breaking run on a wild pitch out a victory since Aug. 26, 1986, by the Toronto reliever Mark Eich-

ning streak.
With the score 3-3, Henderson homer in the sixth and Thurmond opened the eighth with a single and left later in the inning. Baltimore Willie Randolph followed with a starters began the game 0-15 with a walk before Don Mattingly flied 7.12 earned run average. out. Then, on Eichhorn's I-2 pitch
The Orioles, outscored 114-34 to Jack Clark, Henderson and Ranout. Then, on Eichhorn's 1-2 pitch this season, did not move a runner dolph attempted a double steal and past second base until Cal Ripken Henderson scored when the pitch bounced to the right side of Ernie

The Yankee reliever Charles gues, batting 199 overall and Hudson, 2-0, pitched 2% scoreless innings for the victory, allowing

Braves 4, Reds 1: In the National League, in Atlanta, Dale Murphy singled in one run and scored the tiebreaker after a double as the ond three-game sweep against the Braves snapped a three-game los-Orioles this season. Kansas City ing streak with a victory over Cin-

> The Braves, shut out in their last three outings, snapped a 28-inning scoreless streak off Dennis Ras-mussen, 1-2, in the first inning. The victory went to Pete Smith,

1-1, a rookie who allowed five hits, struck out two batters and walked two. Smith left after yielding a double to Paul O'Neill to lead off the seventh. Bruce Sutter then went two hitless innings, and Paul As-senmacher earned his second save by getting the final three outs.

Expos 3, Phillies 1: In Philadelphia, Mike Fitzgerald's RBI single in the eighth inning broke a 1-1 tie, and Dennis Martinez allowed five hits over 71/3 innings to pace the Montreal victory.

After Tim Wallach opened the eighth with a double. Kent Tekulve relieved the Philadelphia starter, Don Carman, 2-2.

Martinez, 3-2, allowed one earned run, struck out three batters and walked no one before being on second and one out in the eighth. Burke struck out Phil Bradley and got Juan Samuel on a pop fly to end the inning, and finished

the game to pick up his third save. Phrates 4. Cubs 2: In Pittsburgh, Darnell Coles hit a tie-breaking single and Rafael Belliard followed with a run-scoring triple in the fourth as the streaking Pirates beat Chicago to sweep their three-game

two runs on six hits over 6% innings as the Pirates won for the 11th time

Bob Walk, 3-1, held the Cubs to

# **IAAF Backs Off Threat** The Associated Press

LONDON - The British Amateur Athletic Board body of track and field, the International Amateur Athletthis fall's Olympics, if the board did not ban Budd.

the threat of suspension of the board."

In Lausanne, Switzerland, where he was attending a

eration the eligibility of Zola Budd, not the eligibility of

# the British board." Pirates Rally 2d Straight Game, Beat Cubs by 5-4

Smoker Go Wills Compiled by Our Staff From Dispatcher PITTSBURGH — Mike LaVal the series, a player's bat was confisher's two-run single in the eighth cated. The Mets asked the unipies uning Saturday bear the Chicago to take Vince Coleman's bat when liamson, a pitcher who came up in the fourth. Coleman first start of the season.

Louis, Dave Magadan singled me Pights to Non-

open with a grand slam in the uinth.

The game was the Dodgers first

after four straight rainouts.

Mets 12 Cardinals 9: In St. Lynn, a Baltimore outlicker.

The Orioles' manager, Frank

SATURDAY BASEBALL

"But a loss is a loss."

ager, said he sympathized with the three in 6% innings. He had a three-run homer in the first and bit shutout until Dave Winfield hit Henry Cotto and Dave Valle hit

me from behind victory.

With the Cubs leading, 4.3, and Rich Gossage pitching, Andy Van Slyke singled, Bobby Bonilla Walked and Sid Bream sacrificed. R.J. Reynolds was intentionally walked and Sid Bream sacrificed. R.J. Reynolds was intentionally walked to load the bases, bringing mp LaValliere. The Pirates' carden walked two in 6% in mags Lance McCullers worked 1% in the Winning runs.

The Orioles moved closer to the major leagues this season.

But the effort failed in the minth in the major leagues this season.

Phillips opened the 10th with a walked in the night field fence against Doug Sisk. Thad Boskey, a grint-heitter, was intentionally walked and Sid Bream sacrificed.

R.J. Reynolds was intentionally walked and Sid Bream sacrificed.

R.J. Reynolds was intentionally walked to load the bases, bringing mp LaValliere. The Pirates' carden will an advanced in the season.

The Orioles moved closer to the major leagues this season.

Phillips opened the 10th with a walked in the nimth in the major leagues this season.

Phillips opened the 10th with a walked and scill from the first pitch to him.

The Orioles moved closer to the major leagues record of 23 straight walked in the nimth for the Padres.

Phillips opened the 10th with a walked in the nimth in the major leagues this season.

Phillips opened the 10th with a walked in the nimth walk of John Farrell pitched an eight victory in nine games. They implied the light victory in nine games. They walked and Sid Bream sacrificed. After Jose against Doug Sisk. Thad Boskey, a pinch-hitter, was intentionally walked in the first five-game winner in the major leagues this season.

Phillips opened the 10th with a walked on the first pitch to him.

The Orioles moved closer to the major leagues record of 23 straight walked in the nimth for the Padres.

Phillips opened the 10th with a walked in the nimth in the major leagues this season.

Phillips opened the 10th with a walked on the first failed in the nimth walk of John Farrell pitched an eight victory in nine games. The

first start after four relief appear-John Wathan, the Royals' man- ances, walked one and struck out heim, California, Ken Phelps hit a

fielder Ivan Calderon in the 10th apolis, Joe Carter's two homers and inning to give Oakland its victory six RBI helped Cleveland deal

American League record is 20.

three-run second inning with an five runs in the seventh, but got they played hard, I have no problem with that," Robinson said.

Shut a loss he along. Mariners 11, Angels 4: In Ana-

"I feel kind of bad for them," he his sixth home run of the season said. "It's unfortunate. They've got over the center-field fence with one too good a ballchib to go through out in the seventh.

They've got over the center-field fence with one too good a ballchib to go through out in the seventh.

They've got over the center-field fence with one too good a ballchib to go through out in the seventh.

Louis, Dave Magadan singled home Kevin McReynolds in the cight to break a tie and help New York win its fifth straight over the York win its fifth straight over the Cardinals this season.

The Unices manager, Frank Robinson, who was ejected in the something like this."

Tom Henke, the fifth Toronto at-bats, extended his hitting streak to a career-high nine games, with four homers and mine RBI in that York win its fifth straight over the Cardinals this season.

Tom Henke, the fifth Toronto at-bats, extended his hitting streak to a career-high nine games, with four homers and mine RBI in that against the Cubs. Pittsburgh, which is leading the National League four homers and mine RBI in that Scored nine runs on nine straight hits Friday. Then it got worse.

Tom Henke, the fifth Toronto at-bats, extended his hitting streak to a career-high nine games, with four homers and mine RBI in that four homers and mine RBI in that is leading the National League East, is 8-1 at home this season.



# SCOREBOARD

# AND THE RESERVE OF THE PARTY OF NFL Draft

1. Attente Palcons selected Aundrov Bruca.
65, 20-pound (1.05 meters, 107 kilogroms)
Auburn finebocker; 2. Konson City Chiebs;
Neil Smith, 64, 261-pound Nebrusko defensive
finemon; 3. Defruit Liens; Bentry Blodes, 6-0,
213-pound Alaoni, Florida soichy; 4. Tempo
Bay Buccumeers; Poul Gruber, 64, 293-pound
Wisconsin tockie; 5. Checinant Bengais;
Ricky Dison, 5-71, 184-pound Okloborno cornerbock.

nerbock.
A.L.A. Rajders: Tim Brown, 6-0, 195-pound
Netre Dome wide receiver; 7, Green Bay
Puckers: Sterling Sharpe, 5-11, 196-pound

### Transition

pitcher, from 15-day to 21-day disabled

National Lagues
PHILADELPHIA—Put Mise Atadoux,
Scher, an 15-day disobled list, Recalled
Salfin Miller, outfiction-indictor, from Maine,
International Lagues;
ST. LOUIS—Recalled Luis Aliceo, second
basemax, from Louisville, American AssociaTion, Optioned Rod Booker, infletior, to LouisState

FOOTBALL

Marjonal Football League
CLEVELAND—Rescinded qualifying offer to Ray Ellis, sotely, making him a free agent.
INDIANAPOLIS—Signed Joe Kiecka, deserve Recense to two-year contract.
SEATTLE—Agreed to terms with Kelly Stouffer, quarterback Sent fifth-round sicks in 1986 droft and first- and fifth-round sicks in 1986 droft and first- and fifth-round sicks in 1989 droft in Expende as commensation for

Mark Gehring, light and; Gery Thompson, de-fersive back, and Ronald Scott, running back, fersive back, and Ronald Scott, running back, COLLEGE

ALABAMA—Mode John Kreis tennis coach, ALASTIN PEAY—Ban Brooks, athletic di-Petr, will resign June 30.

COLORADO COLLEGE—Named Brooks
Bestow backers on the light of the lig

Bustow hockey coach.

HDFSTRA—Named Jeff Enck floatbail defensive coordinator; Jim Bernhardt lineblockers coach and Fronk Limanni ruaning
blockers coach and Fronk Limanni
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Football

South Carolina wide receiver; & N.Y. Jets:
Dave Codigan, 6-4. 276-pound Southern Cal
tockle; 9. L.A. Raiders: Terry McDaniel, 5-10.
175-pound Tennessee defensive back; 18. N.Y.
Glants: Eric Moore, 6-5, 286-pound Indiana

175-pound Tennessee defensive back; 18. N.Y.
Geards: Eric Maore, 6-5, 289-pound Indiana
Tockle.

11. Dollus Cawbevs: Michael Irvin, 6-2, 292pound Michael, Florida; 12. Paesek Cardiseks: Ken Harvey, 6-2, 224-pound outside Callfornila Ilinebacker; 13. Paliadelphile Bagins:
Kellh Jockson, 6-2 224-pound Oktohoma tight:
Facility A L.A. Rems; Goston Green, 5-18, 194pound UCLA rumine back; 15. Sem Diese
Chargers: Antionny Miller, 5-11, 176-pound
Trennessee wide receiver.

16. Miller Delphins: Eric Kumerow, 6-7, 299pound Ohio Shate defensive end; 17. New Enpload Putriots: John Shephers, 5-11, 216-pound
Morthwest Louislana running back; 14. Plats
bergh Sheelers: Aaran Jones, 6-4, 2G-pound
Eastern Kentucky defensive end; 19. Miller
Sheelers: Aaran State pound: 28. L.A. Rems;
Aaran Car, 5-9, 175-pound Artzona State wide
Fosciver.

12. Housson Oilers: Larenzo White, 5-18, 213pound Michigen State running back; 12. Plats
pound Florida limebacker; 28. Sem Francisco
Gerser, 6-1, 288-pound of Illinois
detensive end; 24. The Demver Brookes; 22.
Gregory, 6-1, 288-pound Syrocuse nose backe;
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# Hockey

FRIDAY'S RESULTS

# **European Soccer**

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QPR 1, Sheffield Wednesday 1 Wast Hom United 1, Coventry City 1 \*\*WASHINGTON—Staned Derrick Sheard wide receiver; Bobby Curtis. Bab Ontic and Carton Rose, Inebackers; Jack Stanley, our Herbock; Sieve Thompson, defensive tockle; Mark Gehring, light and; Gary Thompson, defensive back, and Ronokt Scott, running back. dea 2. Chelata 2

Borussia Mänchenstadbach, Bayer Leverku-sen, Hamburg 27: Einfracht Frankfurt 27: Hamburg 24: Rossell Park Honover 26: Barussia Dortmund, Bayer Ver-dingen, Waldhof Mannhelm 25: Karlsruhe 24; Bachum 23: Kallerslautern. Homburg 21; ITALIAN FIRST DIVISION

noriorio 2. Juventus 2 Verena 1, Nasoli 1 Points: Nopoli 42; AC Allon 41; AS Roma, Sampdorio 34; Teritor 29; Inter Milan, Juven-tus 28; Verono 25; Cesene, Fiorentina 24; Pe-scoru 23; Ascoll, Aveilina 29; Come, Pisa 19;

SPANISH FIRST DIVISION Español ?, Athiefic Bilboo ? Real Madrid & Betts & Real Sociedad & Murcia ? Gijon 4. Cetta 1 Zarapaza 1, Logranes D Valjedelid 1, Barcelona 1

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Chris Evert (2), U.S., del. Zing Garrison (4),

# The Fervor of the Architect: **Reviving the Classic Orders**

LONDON — Quinlan Terry is an architect who believes that when the New Jerusalem is built it will not soar in concrete and glass but will hug the ground in brick, with a pitched slate roof, sash windows, and an ornamental facade in the classic style. Terry's views count these days because he is considered the spokesman of a Classical revival which

### MARY BLUME

has gathered steam since 1984, when the Prince of Wales denounced a proposed addition to the National Gallery as "a monstrous carbuncle."

"Why can't we have those curves and arches that express feeling in design? Why has everything got to be vertical, straight, unbending, only at right angles
— and functional?" asked the prince. These are Quinlan Terry's views exactly. He thinks the prince would have made a brilliant architect.

The magazine Architectural Design traces the emergence of the new Classicism as an alternative to Modernism to the architectural exhibition at the 1980 Venice Biennale. In Terry's own career, this is also roughly the period when he began to get important commissions after a long period in the desert with his late partner, the Classicist Raymond Erith.

"Erith and I absolutely agreed," Terry says. "He was plowing a very lonely furrow all his life. He was really much better than I am and much less successful because the Modernists had complete con-

Modernist architecture, for Terry, seems to include all innovations from the Victorians on. Contemporary building in particular is aesthetically barren, its methods costly, its materials unproved. It is the product and symbol of "the rejoicing city that dwelt carelessly," to quote one of the biblical texts he is fond of.

Classical architecture is not just Greeks and Romans: It is also Bramante (Terry spent several months in Rome measuring monuments), Palladio, the Georgians and a bit of English Picturesque. To Terry the classical orders are morally good and divinely inspired (in a 1983 lecture he traced their origin to the Temple of Solomon). They are adaptable to any time and need.

"Every time you use the classical orders you do them in a different way.

Classical architecture expresses 1980 as modesty and Terry, who with a sort of reversed pride calls himself "a little counwell as 1880 or 1770. It's got a different try tradesman," is today the chief spokes-



Quinlan Terry and, at right, his design for a classical country house.

character each time you use it so it is legitimate as an expression of each age. Terry, a primly handsome man of 51 who favors three-piece tweed suits, still works from the offices he shared with Erith in Dedham, in the heart of the Constable country. "East Anglians are the best people in England," Terry says. "They're the old English and they do

His practice is in a cosy and woodsy warren on Dedham's High Street, next to The Owl and The Pussycat bookshop. The village is impeccably preserved, thanks largely to Erith and Terry who restored several buildings and acted as watchdogs: Erith saw to it that traffic lines were not painted on the High Street, Terry had a public lavatory banned on the grounds that it would bring in tourist

Each day, Terry bicycles home to lunch in a large 1810 house on the River Brett, which the Terry family (there are five children) call the Brenta. Terry has added trompe l'oeil stone-blocking in the hall and a false perspective in the library (two devices very much used in his work), television is banned and there are wooden columns representing the five classical orders: Tuscan, Doric, Ionic, Corinthian, and Composite.

Architects are not known for their modesty and Terry, who with a sort of

man for Classicism, which he defends with religious fervor. He says of a debate at Oxford with Richard Rogers, who built the Pompidou Center and the new Lloyds building, "He made the point, the only point I agreed with, that architecture cannot be separated from a theol-

It was in the godless and materialistic 19th century that our moral decline became evident, Terry maintains, and now the Bible is no longer the accepted au-thority for capital punishment and against homosexuality and adultery. This is a world that no longer deserves the classical orders: Terry's architecture, he says, represents an aspiration and a re-

"I would like to think it's a pointing at something. It would be awful to see a superficial revival, everything about this age is superficial. Similarly, the architecture is skin deep. Things aren't right in its heart.'

Terry thinks the common man agrees with him about the barrenness and shoddiness of most contemporary building, and clearly his views have struck a chord. But his own buildings are far from the common man's needs or preoccupations: As an architect he specializes in expensive country houses

His preferred client is, he says, the first earl rather than the fifth: the sort of man who consulted Terry about a 1960s house he had bought and promptly tore it down when Terry stated, "It's not a gentle-man's house." When you look at the man's new house, with one facade of three superimposed classical orders, in Terry's words, "You think this is where big men have been."

The new big men of Thatcher's Britain each fit into one of the classical orders (former Cabinet minister Michael Heseltine, for example, for whom Terry built a summer house, is definitely Corinthian). They're usually achievers and achievers always look around for people who achieved in the past," Terry says.

The carefully detailed houses look charming and instantly genteel, classy, whimsical and undernanding. Terry has only one commission outside Britain for a house in Kentucky's blue grass country - and in Britain has expressed his taste for the quaint in designing a grotto, a cricket pavilion, a Nymphaeum, a farm cottage for David Hicks, and a 10foot-high birdcage based on the two-domed Church of the Salute in Venice.

newly-created country gentlemen qualifies Terry to be the accepted spokesman against builders who have confronted the more depressing aspects of modern life. Terry replies that he has finally "entered the marketplace" by designing a 200,000square-foot office and luxury flat complex in Richmond which he hopes the Prince of Wales will inaugurate this spring, but the project demanded build-ings that would fit in with existing classi-

cal architecture.

Terry will not put up a building of more than eight stories and finds a population density of more than 200 people to the acre unacceptable, which means that he is unlikely to face the unpleasant problems endured by his peers. He is tasteful but not bold; he argues that those who consider his facades mere deathmasks are wrong:

"If you say that my architecture is dead and that it can't adapt to the age we live in, it would have stopped with the Greek temple. And see what Bramante did when the pope said I want to combine the circular pagan temple with the nave and aisles of a basilica? It had never been done before. So he juxtaposed these two One might ask how handling pedi-ments, archivolts and imposts for the build huge buildings in a classical way. I

INTERNATIONAL CLASSIFIED

story car park or an airport, so everybody else tends to think it's impossible for me to do it."

A recent large book on Terry, subtitled "The Revival of Architecture," says on its closing page, "The Modern Movement set the world on its head. We are now standing on our feet again. It is as though the Modern Movement had not hap-

A bit over the top? Terry thinks not. "I don't think we can ignore the Modern Movement But I wouldn't have minded at all if it hadn't happened, I think the world would be a much nicer place." Probably, but until Terry takes on bolder projects his philosophy will be encompassed by his current project: six houses for millionaires on Crown property in Regent's Park. They will be called the Ionic villa, the Veneto villa, the Gothic villa, the Corinthian villa, the Regency villa, and the Doric villa and they will have marble bathrooms and state-of-the-

art security systems.
"I don't think for a moment that anybody who looked at my work, any intelligent person, would think it was 200 years ago," Terry says. "It's 1988." In more ways than he may intend, he's right.

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### LANGUAGE

# The City on the Rack

By William Safire

WASHINGTON — Five days before Governor Mario Cuomo of New York was to deliver his keynote speech at the 1984 Democratic convention, he called the broadcaster Larry King and read it to him over the telephone.

As King recalls the conversation in "Tell It to the King," his new book, the governor was critical, in his draft speech, of Ronald Reagan's use of "city on a hill" to describe the United States. The allmight interviewer was noncommit-tal, but if the keynoter had asked me, I would have said, "Mario, throw that part out. The 'city on a hill' stuff was fine when St. Matthew used it: 'Ye are the light of the world. A city that is set on an hill cannot be hid. And it was OK for John Winthrop to lift it in a sermon aboard the Arbella on his way to the New World in 1630. And then John Kennedy started using 'city on a hiil' in his stump speech, and then Ronald Reagan picked it up and made it a standard peroration. That beacon to mankind is untouchable. Nobody can criticize it. Don't mess with it."

But the governor didn't call me. Cnomo played off the tried-and-true elevated urban metaphor at the 1984 convention, complete with expressive hand gestures, holding that "the hard truth is that not everyone is sharing in this city's splendor and glory."

King writes: "Cuomo reminded me that it is the job of most keynote speakers" in the party out of power to rack up the incumbent."

To me, the interesting point in that paragraph is his use of rack up. It is uncertain from the text whether Cuomo used the slang phrase or it is King's paraphrase, but rack up has several senses and deserves close study.

This sense derives from medieval unwreckable.) wrenched from their sockets was victory, you can wreak patronage called the rack, probably from the vengeance from high atop your city Middle Dutch recken, akin to both on a hill reach and stretch.

The noun became a verb and is familiar to millions in the Oscar Hammerstein lyric, "body and a achin' an' racked wid pain" from the song "Ol" Man River." When you rack your brains, you torture the meaning intended by the rack-

your mind to remember, which fits ing wonks and throats in our insti-tutions of higher learning.
(My conclusion is disputed by

Thomas de Forest Bull of Boston who claims that studious racking comes from bookracks.) Thus, the current usage - "that really racks me up" or, in King's words, "it is the job of most key-

note speakers to rack up the incumbent" - flows from the ancient framework used to inflict pain.
But a quite different sense exist a causing confusion. "As [Jesse] Jackson racks up win after win? writes The Associated Press. "If all goes well for the vice president." comments The Christian Science Monitor, "he could rack up as many as 500 delegates."

That happy racking means "to achieve" or "to gain," and comes not from the torture frame but the triangular frame that brings together the balls in a game of pool. The expression "Rack 'em up" is the order to assemble the balls for the start of a new game, and is usually spoken cheerfully by hustlers. The past participle, racked, means 10 'mastered," from the racking up of winning points.

There's more to be straightened out here. The verb rack, meaning "stretch" as in nerve-racked, should not be confused with the verb wrack, meaning "to wreck, min, destroy" (wrack and ruin, in which wrack is a noun, has been misspelled rack and ruin for so many centuries that it's no longer incor-

The New York Times Manual of Style and Usage has a great idea College students will recognize confuses people. Instead, when one sense immediately: racking wrack means "wreck," just as means "intense studying," the wreck (But when you mean inflict here: never use wrack, because it means "intense studying," the wreck (But when you mean "infice modern version of cramming, an anti-social activity undertaken by "wreak havoc on"; you never wonks and throats (from cutthroats). "wreck havoc" because havoc is

OK, keynoters, let's rack 'em up. torture. Every well-equipped dim-geon had a device for extracting it's traditional to rack up your opinformation or confession: the ponent with a good tongue lashing frame on which victims were bound for having led the country to wrate and stretched until their limbs were and ruin, and after you rack up a

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